

# The Incorporated Accountants' Journal.

THE OFFICIAL ORGAN OF



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## Professional Notes.

We publish this month the proceedings at the recent Conference of Incorporated Accountants held in Manchester, which was a great success. Lancashire has always been a stronghold of the Society of Incorporated Accountants and Auditors, and on this occasion the members mustered in force and were supported by many from other parts of the United Kingdom and from Overseas. The Lord Mayor of Manchester (Alderman John H. Swales, J.P.) granted the use of the City Hall for the business proceedings, and attended personally at the opening of the Conference to

extend a welcome to the members. He and the Lady Mayoress also entertained the members at a reception and dance. The Lord Mayor was in addition the principal guest at the dinner held at the Midland Hotel, which was presided over by Mr. Thomas Keens, the President of the Society. A large number of guests were present at the dinner, including the Lord Chief Justice (Lord Hewart of Bury), Commander Sir E. Hilton Young, G.B.E., M.P., Sir Edwin Stockton, Sir Milton Sharp, and the Mayor of Salford (Alderman John Rothwell). For the first time, we believe, in the history of the Society's Conferences, Sir James Martin was not present. This was owing to his absence in South Africa, where he is taking part in a deputation in his official capacity of President of the London Chamber of Commerce. The proceedings at the Conference are more fully dealt with in a leading article.

The Lord Chancellor (Viscount Cave), speaking on the Companies Bill at a luncheon of the London members of the Institute of Chartered Accountants, made some important observations on the duties of auditors. He said:

"Speaking for myself, and not from the Woolsack, so that I may not be quoted as authority, I do not think that the valuation of assets is part of the ordinary duty of an auditor. Of course he must study the books with care, and must use his knowledge and his experience in order to satisfy himself that they do show the company's true position, and he should not be slow in any case of doubt or ambiguity to ask the directors or the officers of the company for information and for explanations, and if he has formed the opinion on the material placed before him that the assets are overvalued, then, of course, he ought to say so; but this, I think, is the extent of his ordinary duty. He is not instructed nor is he paid to value the assets, a formidable and an onerous task. It may be that the shareholders would desire that valuation should take place, and there may even be much to be said for that view, but if that view is taken I think provision should be made either by a clause in the Articles of Association or through the medium of a special bargain between the auditor and the company which he serves."

Coming from so high an authority, these words provide a useful reply to the criticisms frequently directed against the reports of company auditors on the ground that they fail to point out the extent to which the values of certain assets are not in accordance with the figures appearing in the balance-sheet.

There is a growing practice in Acts of Parliament to leave certain matters to the discretion of the Judges when dealing with cases in the Courts. This was commented upon by the President of the Law Society (Mr. C. A. Coward) at the recent Provincial Meeting held in Sheffield. Mr. Coward said he objected to the modern tendency, in some recent Acts of Parliament, of leaving Judges to determine, not what the law would give but what, in the Judge's discretion, he thought was necessary to establish justice between the parties. Long ago, he said, it was laid down by an eminent lawyer that "the discretion of a Judge is the law of tyrants." The sanctity of contracts, he considered, should be preserved against any attempt by Judges to remodel them. Our own impression is that circumstances do arise from time to time in which it is useful for a Judge to have a certain amount of discretion, but it is quite possible to carry this too far and to impose upon Judges the necessity of making law as well as administering it.

Touting circulars are appearing in various quarters throughout the country which emanate from individuals claiming to be late Inspectors of Taxes, and thereby purporting to possess special knowledge of matters relating to the recovery of income tax. One of these worthy gentlemen appears to have rather overdone the matter. He sent a circular to a trader in which he said "Certain points relating to your business lead us to suppose that we could secure for you a repayment of income tax covering a number of years. If we could have a sight of the necessary documents we could quietly let you know definitely, and we would charge no fees if no repayments arose." Unfortunately for the tout, the trader in question had not had occasion to pay income tax in respect of his trading results for a period of five years! This merely serves to show that these individuals do not hesitate to make any statement which they think will attain their object, regardless of whether it is true or false.

The operations of Building Societies have recently been developing very rapidly. The report of the Chief Registrar of Friendly Societies shows that the membership of these societies at the end of 1926 was over 1,200,000 (which is double the pre-war membership) and that the total advances on mortgage at that date amounted to £171,000,000. As an indication of recent developments the total amount advanced on mortgage by Building Societies in the year 1925 was about £50,000,000, while in the year 1914 the advances totalled less than £9,000,000. The explanation of this is, no doubt, the difficulty of renting houses. Owing to the shortage of houses since the

war it has become impossible for anyone requiring a house to obtain it on a rental basis. It has thus been necessary to become a purchaser, and the Building Societies have been willing to afford better terms for advances on mortgage than can usually be obtained elsewhere. Latterly, we believe, some municipal authorities have undertaken advances of this character up to a high percentage of the value.

It is reported that the estate of Lord Iveagh, the late Chairman of Guinness, Son & Co., Limited, will probably amount to about £11,000,000; and that the duties on the estate will bring in about £4,400,000 to the Revenue. This will be a useful windfall to the Chancellor of the Exchequer.

The finances of the Commonwealth of Australia for last year show a surplus of £2,600,000, and a reduction of 10 per cent. in both Income Tax and Land Tax is proposed for the current year.

Attention is occasionally called to the American practice of issuing shares "of no par value," and it is sometimes advocated that the system has considerable merits. The procedure is simply to divide the excess of assets over liabilities into so many fractional parts called shares, and to declare dividends of so much per share instead of so much per cent. The excess referred to would, of course, include what we treat as capital, plus any free reserves and undivided profits. Our nearest approach to the American system is the old practice of dividing shares in a ship into 64ths, the difference being that in the case of the ship the capital value is always divided into the same number of parts, while in the case of the American company the capital may be divided into any number of parts.

By the "no par value" method all questions of bonus shares and writing down of capital fall away, because the shares merely represent whatever the surplus of assets is for the time being. On the other hand, the balance-sheet of such a company gives no indication of the amount of capital originally subscribed by the shareholders, nor how much (if any) of it has been lost. It thus leaves unscrupulous directors in a very happy position, and lends itself very easily to manipulation. Although the system may possess certain merits in the direction of elasticity where the affairs are in the hands of capable and honest directors, it provides little safeguard against the operations of directors who desire to mislead, and is liable to cause great confusion in the minds of shareholders. We do not think it is likely to find much favour in this country.

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Photo by Walter Scott, Bradford.

RECEPTION COMMITTEE OF INCORPORATED ACCOUNTANTS' CONFERENCE, MANCHESTER, 1927.



The Government Bill to amend the Unemployment Insurance Acts will come up for second reading as soon as Parliament re-assembles. It may be remembered that the Blanesburgh Committee, which was set up at the end of 1925, recommended that the State, the employer and the employee should contribute to the cost of the scheme in equal proportions, and that the rates of contribution should be decreased, subject to a temporary increase to last until the present debt on the scheme had been extinguished. Neither of these suggestions, however, has been adopted, but the reduced scale of benefits proposed by the Committee is included in the Bill.

The main feature of the Bill is the creation of a new class of contributors, as recommended by the Committee, embodying both male and female workers between 18 and 21 years of age, who will receive reduced benefits in return for smaller contributions. After a time it is proposed to abolish altogether the present system of extended benefit and to substitute certain modified forms of relief. It remains to be seen how some of these proposals will be received by Parliament, having regard to the fact that the Blanesburgh Committee was representative of all interests and that its recommendations were unanimous.

An offer has recently been made to those possessing 15s. 6d. Savings Certificates of a total value, including accumulated interest, of not less than £20, to convert their holdings into either 4½ per cent. Conversion Loan 1940-44, or 4 per cent. National Savings Bonds. While holders are entitled to retain their certificates until March 31st, 1932, the conversion will enable those who already hold the maximum number of 500 Certificates to resume purchasing until this limit has again been reached. The new Certificates have a ten years life.

It should be borne in mind, however, that while the 4½ per cent. Conversion Loan may be transferred or realised at any time at current market prices, the National Savings Bonds are not transferable and can only be realised before maturity by giving six months' notice except in cases of emergency, when the principal will be repaid with accrued interest subject to a deduction of 2 per cent. of the principal. This privilege however is liable to withdrawal. The interest in both cases falls due on 1st January and 1st July, and will be paid without deduction of income tax, but there is no actual exemption from tax as in the case of the Savings Certificates, and the interest will have to be included in income tax returns.

## Incorporated Accountants' Conference at Manchester.

It was a happy thought which prompted the senior of the District Societies to invite the Parent body to hold its Conference in Manchester in 1927. The Parent Society and the Manchester and District Society have recently entered upon the fifth decade of their activities, and the Conference, from every point of view, was a fitting expression of the progressive spirit of Incorporated Accountants. The occasion was appropriately marked by the official welcome offered by the Lord Mayor of Manchester and by the generous hospitality extended by him and the Lady Mayoress to the members at a brilliant evening function in the Town Hall. The Manchester and District Society also entertained visiting members at a Reception and Dance, and a Luncheon, and made excellent arrangements for visits to the Ship Canal, to the Cotton Mill of Richard Haworth & Sons, Limited, and to Buxton. The President and Mrs. Keens took the opportunity to invite to luncheon the representatives of Branches and District Societies and their ladies. On the last day of the Conference, the members were the guests of the Mayor and Corporation of Blackpool.

The business sessions were held in the Lord Mayor's Parlour at the Town Hall, where, on the morning of September 29th, the Lord Mayor formally opened the Conference. In doing so he emphasised the importance of such professional meetings, and said that if we did not confer about our concerns and businesses we were apt to get into grooves, which was not good for anyone—an observation we cordially endorse. Upon the Lord Mayor vacating the Chair in favour of the President, Mr. Keens welcomed to the Conference members from overseas and representatives of other bodies from abroad, who suitably responded. A radio message of greeting from Sir James Martin, who was en route for South Africa, was cordially received.

Two forenoons were allotted to the business proceedings, which comprised the Presidential Address of Mr. Thomas Keens and a Paper on "The Accountant and the Public," by Mr. E. Cassleton Elliott (London). Somewhat contrary to precedent, the Presidential Address was followed by a discussion—an experiment which was amply justified by the high level of the speeches. It may be thought that more papers might have been submitted to the Conference. Such a course, however, would have overloaded the programme and would not have permitted that free expression of opinion on the questions raised, which we believe was much appreciated.

The President opened his address with a fitting tribute to the commercial, industrial and intellectual life of Manchester focussed in "the traditional individualism and grit, honourably associated with Manchester men and women." He commended specially the work of Mr. Frederic Walmsley, Senior Past President, and of Mr. Arthur E. Piggott—both Manchester members of the Council. Mr. Keens said they all deplored the death of Sir Arthur Whinney, lately President of the Institute of Chartered Accountants, who was much respected throughout the profession. Having alluded to the policy of the Council in South Africa, he passed on to deal with the question of Imperial and Local Finance. In the course of an exhaustive review, Mr. Keens discussed the relations of Incorporated Accountants to the Board of Inland Revenue. Respecting the large number of questions put by Inspectors of Taxes on accounts prepared for income tax, he said they were sometimes unnecessarily detailed, but recognised that the attitude of the authorities was directed towards reducing the risk of evasion or possible deception. We commend to our readers a careful study of the advice of Mr. Keens, which we believe represents the consensus of opinion in the profession.

In drawing attention to the effect of taxation on trade Mr. Keens felt he must go further than the Colwyn Report, and emphasised the dislocation which high direct taxation caused, a view which was endorsed by Mr. C. Hewetson Nelson. But he considered that the effect of rates was even more damaging, and submitted convincing evidence in a number of illustrations and detailed appendices. High rating in the main was attributable (with some notable exceptions) to the duties imposed upon Local Authorities by the Imperial Government, without adequate financial provision. His views were supported and elaborated by Sir Charles Wilson, Mr. F. Walmsley, and Mr. F. Ogden Whiteley. Mr. Keens did not stop at criticism, but made the following constructive proposals:—(1) That some improvement should be made in the financial procedure of the House of Commons with a view to more rigid economy; (2) That the relations between the Imperial Exchequer and Local Authorities should be placed on a more definite basis; (3) That a small Committee of experienced persons should be set up to make practical suggestions to the Chancellor of the Exchequer, based upon the recommendations of several former Committees. After a brief reference to commercial arbitration, which has received attention at the recent Congress of Chambers of Commerce of the British Empire, Mr. Keens concluded with an expression of his confidence in the future of Incorporated Accountants.

Mr. Cassleton Elliott's paper was a careful review of the relations between the accountant and the public. The paper was a valuable summary of what the public expect from the accountant, of what the accountant is prepared to give the public, and of the public responsibilities of Incorporated Accountants. Mr. Elliott indicated that, though they were retained expressly by clients, in most instances their professional work involved simultaneously a direct duty to their clients and an indirect duty to the public, whose interests were involved and who placed implicit faith in their work. We may observe that this is a substantial answer to the criticism that the claims of accountancy for legislative protection *on public grounds* were somewhat exaggerated. In dealing with the public duties of accountants, Mr. Elliott reviewed critically some parts of the new Companies Bill. In particular he considered that shareholders might reasonably be given more information than they usually got, and favoured a further extension of the minimum legal requirements of a balance-sheet.

Mr. Henry Morgan, the Vice-President, opened the discussion. He drew attention to the importance of accountancy—not merely as a science—but as an organised profession. The dual character of their responsibilities called for that spirit of impartiality and independence which it was the aim of the Institute and the Society to instil.

At the dinner the President presided over a large gathering of members and guests. The Society was fortunate in having among the principal guests the Lord Mayor (Alderman J. H. Swales, J.P.) and that distinguished citizen of Manchester, the Right Hon. Lord Hewart, Lord Chief Justice of England; also the Right Hon. Commander Sir Edward Hilton Young, G.B.E., D.S.O., M.P., Sir Edwin Stockton, and other leading representatives of the public and commercial life of the country. The toast of the Society was admirably proposed by Sir Edward Hilton Young, who referred to the increasing importance of the accountancy profession. He thought the small business, as well as the large, ought to avail itself to a greater extent of the experience and skill of the profession of accountancy, which in this direction, he believed, could render an enormous service to the economic future of the country. Mr. Henry Morgan, Vice-President, in responding, expressed his pleasure that the toast of the Society had been proposed by Sir Edward, who was a distinguished figure in the public life of the country. The President proposed "The Bench and Bar of England." Lord Hewart's speech in reply (which was broadcast) was a model of succinct expression and comprehensiveness. After a graceful reference to old associations with members of the Society in Manchester, his Lordship recalled that



the Society had fought to elevate the standard of professional training and to prevent the public being misled by a misuse of names. Lord Hewart suspected that even now the great profession of accountancy had not a register from which, for good reasons, a name could be removed. His Lordship's observations will find a concordant note in the minds of all those familiar with the history of the Society. We would mention, however, that in the absence of a statutory register, rigid discipline is exercised by the Councils of the bodies of Chartered Accountants and Incorporated Accountants, who are vested with the power to strike a name off the roll of members for good cause. Whether a policy of registration for the profession is practicable at the present time, must be a matter of opinion. In any event, there would be little prospect of any success without a substantial measure of agreement in the profession and special facilities for getting a Bill through Parliament.

Subsequently, Lord Hewart referred to the importance of the independence of the judiciary, and did not believe the country would be prepared to substitute departmental rulings for judgments of the Court. The speech ended on a high note. Referring to his recent visit to Canada and the United States of America, the Lord Chief Justice expressed the fervent hope that the English-speaking nations would work together for the progress and peace of the world.

The last day of the Conference was spent at Blackpool, where the members were entertained to luncheon by the Mayor. His Worship, in his speech at the luncheon, drew attention to the anomaly in the arrangements for the audit of municipal accounts. The work of the professional auditors, district auditors and elective auditors overlapped, and the elective auditors were an anachronism. The President concurred in the views of the Mayor, and reminded the members of the large number of municipal boroughs which had taken power to appoint qualified professional auditors. The members were much impressed by the enterprise and efficiency of the municipal and other undertakings in Blackpool.

The President is to be congratulated upon his lead in enabling some 550 members and guests to fulfil all the engagements of the Conference without a hitch. The thanks of the Society are due to many, but particularly to Mr. G. A. Marriott, the President, Mr. A. E. Piggott, the Hon. Secretary, and the Manchester Reception Committee, for the admirable arrangements made and the details of the programme; and to Mr. William Bateson, who was entirely responsible for the Blackpool visit.

To the visiting members the Conference afforded the delight of knowing something of the sincerity of the spirit in all that Manchester undertakes. If we

may judge from the Press comments throughout the country, the Conference has impressed the public mind with the part played by Incorporated Accountants in the work of the accountancy profession, which the President described as a dynamic and constructive force in the world of affairs, commerce and industry.

## Income Tax and "Housekeepers."

UNDER the income tax code there is in certain cases an allowance of £60 for a housekeeper—that is, an allowance of the tax on £60. There is reason to believe that the benefit of this allowance is not obtained in anything like all the cases in which it is properly claimable. It must be remembered that the officials of the Department do not regard it as their duty to suggest or instigate claims; indeed many of them would probably consider that to do so would be a breach of duty. In most cases forms are provided for the very purpose of making all available claims, and these are accompanied by an exhaustive leaflet of explanations and instructions. As to cases where these forms are not circulated, at least they are obtainable at the office of the Inspector of Taxes, and, after all, everyone is assumed to know and understand the law. So if any taxpayer pays too much by failing to obtain the "housekeeper" allowance, let him blame himself (or herself). As the subject develops it will be seen that women taxpayers are particularly involved.

It should be explained at once that this housekeeper allowance is available only to widows and widowers, except that in special circumstances an unmarried person who is maintaining young brothers and sisters may obtain the like relief. However, in this article we shall confine attention to widowers and widows. But reference will also be made to the somewhat similar relief which is available to any taxpayer who requires, and happily is able to obtain, the assistance of a daughter resident with him or her. So it results that at the basis of the allowances to which this article is directed there lies the institution of marriage, either existing or dissolved.

The housekeeper allowance had its origin in a tax allowance for a nurse. First enacted in 1918, it was confined to widowers (not widows) with an income not exceeding £800. If the widower was entitled to the children allowance, the law further gave him a £25 relief in respect of any female relative (his own or his late wife's) resident with him to take care of the children. The nurse qualification was abolished in 1919, but was re-imposed in 1920.

The 1919 Act raised the allowance from £25 to £50 and extended it to a widower's housekeeper (being a relative), though there were no children. Things were generally overhauled in 1920, and, among other things, this allowance was put on a new basis. It was given to both widowers and widows. It was cut down to £45. If a relative was not available, any employed female would do—but it had to be for the purpose of looking after children. This was further revised and again changed in 1924, when it was increased to £60 (at which it still stands), and was given for housekeepers of widowers and widows, children or no children.

Let us glance at the position and note the conditions or absence of conditions.

- 1.—The claimant must be a widow or a widower.
- 2.—Children are immaterial.
- 3.—Widows are provided for in precisely the same terms as widowers.
- 4.—No condition as to the amount of the income of either the housekeeper or the claimant.
- 5.—No condition regarding age or bodily health or mental health.
- 6.—It does not require to be proved that a housekeeper is necessary.
- 7.—If the housekeeper is a relative, no contractual relation between the householder and the housekeeper need be proved. It is only when the housekeeper is not a relative that the Act uses the word "employed."
- 8.—Whether relative or not, there is no condition regarding wages.
- 9.—It is not required that the housekeeper shall do all the housekeeping, or that she shall be good at the work.
- 10.—It is not required that she shall be placed in any position of authority, whether measured by having a servant (or another servant) under her or by the presence or absence of power to make contracts with shopkeepers.
- 11.—It is not necessary that the same housekeeper shall act for the whole tax year.
- 12.—But the housekeeper must be a female.

It might be thought that a widower's case is so clear that it could hardly happen that he missed the allowance, but recent experience proves the contrary. Very many widowers have working housekeepers with no maids under them, and these housekeepers might be otherwise described as sole and general domestic servants. Beyond all question, in every such case the housekeeper allowance is due. Next, take it that the widower has a daughter residing in family with him. She has no outside occupation, and probably no fixed remuneration from her father. She simply keeps the family home, following in the

steps of her mother. Again, no one, official or non-official, would dream of questioning the father's right to the £60 allowance.

Now as to widows. It is firmly believed on a considerable body of evidence that this allowance is being lost by countless widows who are entitled to it. It has been shown that, as matter of law, the two sexes are in the tax code treated on a basis of identical equality. It may be that at the back of that there is a feeling that a woman is naturally her own housekeeper. A widower with a daughter at home has in her a housekeeper; does the same hold in the case of a widow with a daughter at home? A widower with one female domestic servant has in her a housekeeper; does the same hold in the case of a widow with a daughter at home? In either case, if not, why not? If it be suggested that there is a difference between the two cases, it certainly is not based on any different treatment in the Acts; nay, it is in the very teeth of the identity of language in the Acts. It is submitted that in both cases—daughter or servant—the widow is entitled to the £60 allowance. Where "daughter" is mentioned, that covers also any female relative of the widow or of her late husband; and where "servant" is mentioned, of course it is to be understood that if there are more servants than one, that is equally good if not still better. There is no age limit, and it is well known that some very young daughters make most efficient housekeepers.

Then as to the position respecting attendant daughters. The £60 housekeeper allowance *may* be obtained in respect of a daughter, but the other allowance of £25 can be obtained *only* in respect of a daughter. On the other hand, the claimant for the housekeeper allowance must be a widow or a widower, whereas the claimant for this £25 allowance may still be united in matrimony. The latter allowance is given to any taxpayer, male or female, who, owing to age or infirmity, is compelled to depend on the services of a daughter resident with and maintained by him or her. The accumulation of conditions in this case accentuates by contrast the almost total absence of conditions in the housekeeper case. It may be suggested that confusion is introduced by giving only £25 for an attendant daughter in a case where her assistance is necessary, whereas £60 can be obtained by calling her a housekeeper, and it would be the same though a housekeeper was not in the least necessary. But, for one thing, it is to be remembered that our function is to apply the Acts and not to criticise them. But, besides, married people are not allowed housekeepers, while they may have attendant daughters.

Then pass to the case of a widow who is 70 years of age, or is invalided by rheumatism, and has two



daughters at home. The one daughter is then the £60 housekeeper, and the other is the £25 attendant daughter; or if there are one daughter and one servant, is not the former the £25 attendant daughter and the latter the £60 housekeeper?

The housekeeper claim (in cases where there are no children) can still be made for three years back—that is, to the tax year 1924-25.

## The Stimulus of Life.

THE title of the Rede Lecture of 1927, delivered by Sir Josiah Stamp, and now published by the Cambridge University Press, is the least inspiring part of the publication. The title, "On Stimulus in the Economic Life," may convey the idea that the book is for economists, and economists only. Such, however, is not the case. If economics is the science of everyday life, and science is but systematised knowledge, then this volume should be welcomed by every business man. The author, in the short space of 67 pages, succeeds in giving us a new and much needed stimulus to all effort. His guidance is pre-eminently sagacious. He achieves the ideal as an "instrument for making impressions on other bodies," for when you have read the book you want to go back and mark the passages which have forced themselves into your very being.

Sir Josiah Stamp has this distinguishing characteristic, that he cannot be dull. In spite of, or perhaps because of, his brilliant intellect, he writes in such a clarifying manner that even the man of moderate attainment begins to feel his way towards those central truths of daily life which the author would have him apprehend. Sir Josiah shares, alone with Gide, the gift of making the dry bones of economics live, and the study almost mysteriously clothes itself with such fascination that the reader, as he lays the book down, is ready to exclaim, "if this be economics, give me more of it." Of course, it is more than economics; it is a profoundly human document, covering in its survey the stimulus of drugs, of alcohol, of tea (and its effect on typists), of the fertiliser as a stimulant in agriculture (and the law of diminishing returns), of physical and psychological stimulus (and the effect on mind and body of the worker), of stimulus given to saving by a substantial relief in super tax, and other aspects.

Not the least interesting part of the lecture is that in which Sir Josiah deals with the re-actions of various forms of stimuli. On page 54 we have this

delightful, illustrative word-picture: "For cycling as an interesting and pleasurable pastime, maximum advantages were not, in the long run, gained upon absolutely level surfaces, exhilarating as an initial burst of speed may have been. Neither would one for long find pleasure in a road with alternating rise and fall of identical extent and scenic sameness. Nor was a series of breakneck descents and unridable ascents conducive to a successful hour. A mixture of compassable difficulties and balancing ease, of surprise and variety, but all within the compass of safety and of the limits of rest and refreshment which are normal to man, provided the optimum satisfaction." Only an economist who had been a cyclist could write that sentence, and only a cyclist who was an economist could interpret for our benefit the truth it contained—"Too violent or rapid change may stretch the elasticity . . . beyond its critical point, so that it may fail even to rebound or re-act."

The book abounds in apt and discriminating quotation. The author quotes William James as saying that "effort repeated thirty times became a habit," and adds, that the Duke of Wellington asserted that habit "is not second nature but ten times nature," and subsequently points out that matter read five times in one day compared with once every day for five days gave almost equal results in memory the following day, but after an interval of two weeks retention was 18 per cent. in the one case against 37 per cent. in the other; after a month 11.5 per cent. against 30.5 per cent. in favour of the daily exercise. Anyone who has been compelled to commit any lengthy passages, or ritual, to memory will, it is submitted, agree that the daily exercise proves the more excellent way.

One could continue, but, as the object of this review is to whet the appetite for possession of the volume itself, we must conclude with this quotation: "Necessity may be the mother of invention, but in her poverty she can afford very few children . . ." The present reviewer has read through the book twice, and on each reading has felt afresh the stimulating influence of one who is not only a great student and scholar, but, what is much rarer, a great teacher.

## Obituary.

### FREDERICK HUGH BURNETT.

We much regret to announce the death of Major F. H. Burnett, M.C., A.S.A.A., a partner in the firm of Messrs. J. J. Burnett & Sons, of Southampton. Major Burnett distinguished himself in the field during the war and served in Mesopotamia and elsewhere. In addition to his professional interests Major Burnett was identified with the activities of the Rotarians in Southampton, and also devoted himself to welfare work among boys. We extend our sympathy to the members of the late Major Burnett's family.

## Correspondence.

### THE COLWYN COMMITTEE ON NATIONAL DEBT AND TAXATION.

To the Editors *Incorporated Accountants' Journal*.

SIRS,—With reference to Mr. Snowden's reply to my comments on his article, I am sorry for having misquoted. The first three lines of (1) should have been omitted. I wished to convey that as the "net available to the producer" was not increased in proportion to the index figure increase, it appeared by the example given that the incidence of the increase of tax was not directly transferred to the consumer.

As regards (2), my point was that it is a question of policy whether a company will increase its depreciation reserves if the general price level becomes higher, and such would be in addition to the rate originally established. Presumably, the annual reserve would not be diminished if the price level dropped to below that ruling at the time when the reserve provision commenced. Thanking Mr. Snowden,

I am,

Yours faithfully,

Bath.

R. F. EMMERSON.

### POST MORTEM INCOME TAX CLAIMS.

To the Editors *Incorporated Accountants' Journal*.

SIRS,—An interesting article on the above subject appeared in your issue of February, 1927.

I recently put forward a claim on behalf of a deceased person upon the lines suggested in the article, but the claim has not been allowed. The Inspector has drawn my attention to a case reported in your issue of July, 1927—*Leigh v. Commissioners of Inland Revenue*. Mr. Justice Rowlatt held that the word "receivable" in sect. 5 (3) (c) of the Income Tax Act, 1918, referred only to income which was in fact received, and that the sub-section was designed to eliminate any question of accrual or apportionment of any income which was received in any year. The interest therefore became the income of the appellant on the date upon which it was received, and formed part of his total income for super tax in the following year.

I should be glad to hear whether, in the opinion of your correspondent, it is possible to contend that, in view of the above decision, it is still possible to adopt the method advocated by him.

Yours faithfully,

Woodford Green, Essex.

"KENILWORTH."

[The writer of the article makes the following observations:—

The enactment in sect. 5 (3) (c) of the 1918 Act expressly applies to super tax only. Sub-sect. (3) commences "in estimating the income of the previous year for the purpose of super tax." The inference is clear—namely, that these enactments were necessary—for otherwise the result would have been different; and it is repeated that the sub-section is limited to super tax.

There is the strong fact that the claim on which the February article was based went through successfully. It had been rejected by the Inspector in a most emphatic manner. He purported to be so clear in his own mind that argument was superfluous. The claim was, however, pressed in a succession of letters, and finally the Inspector was asked to refer the matter to headquarters at Somerset House. He did so. The actual reply was not seen, but the Inspector stated that the reply was to the effect that in the circumstances the claim might be passed as put forward.

The "circumstances" simply were that for a number of years prior to the lady's death she had sent in annual (or, rather, half-yearly) claims, and that in those claims the

figures for each year had been taken on the basis of income received in that year. That, therefore, left at her death a substantial amount of income coming in after her death, (a) some of which applied wholly to periods before her death, and (b) some of which applied to periods partly before and partly after her death. The claim was limited to (a) and so much of (b) as applied to periods before and up to her death. It will be observed that there are three strong factors in favour of the claim, namely, (1) the settled practice in the previous years, (2) the items included in the post mortem claim undoubtedly belonged to the estate of the deceased, and (3) if the claim were not allowed, then a statutory right to refund of tax was taken away by administrative action.]

### EDUCATION AND REGISTRATION FOR THE PROFESSION.

To the Editors *Incorporated Accountants' Journal*.

SIRS.—I have read with considerable interest the report of Mr. Walter Holman's lecture on the above subject in this month's *Incorporated Accountants' Journal*. There are several observations I should like to make, but if you will allow me a little space I will confine my remarks to one or two of the most important points.

#### 1.—EDUCATION FOR THE PROFESSION.

I think most people agree that examination syllabuses require to be revised fairly frequently in order to keep pace with the times. Recently, however, in a lecture reported in *The Accountant* of March 26th, 1927, Mr. Evan Spicer suggested that the present overcrowded state of the profession should be remedied by raising the standard of the examinations to such a point that only the *crème de la crème* could possibly obtain admission. While it is highly important that only capable men shall be able to pass the examinations, I do not consider Mr. Spicer's suggestion would work in the best interests of the profession. It would certainly give qualified men a scarcity value, but it would also mean that a larger proportion of work would go to unqualified men than at present. I think the economic law that a scarcity of a principal commodity raises the value of substitutes applies to this case. If this suggestion were adopted, many men who at present become qualified (whom Mr. Spicer is pleased to call "mediocre") would practise as unqualified accountants and not be subject to professional discipline.

#### 2.—REGISTRATION FOR THE PROFESSION.

The advisability or otherwise of registration is a question on which opinions undoubtedly differ, but I for my part fail to see the insuperable obstacles in the way of framing a scheme acceptable to all parties, or the reason why qualified accountants should oppose it.

Incorporated and Chartered Accountants would lose nothing by the admission to a register of members of other bodies or even unqualified practising accountants. On the contrary, the adoption of a well drawn scheme of registration would ensure that for the future the examinations of all qualifying bodies would comply with a certain approved minimum standard, that the ranks of the absolutely unqualified would be definitely closed, and that all persons on the register would be made subject to the same discipline. On February 9th, 1924, *The Accountant* published an essay of mine on this subject under the nom de plume "Salicylate." In this I outlined a practicable scheme, and also pointed out that while there are numerous qualifications which entitle the holders to admission to the Medical Register, there are by no means of equal standing. Mr. Holman compares the admission of unqualified men to a register with watering the capital of a company. In my opinion the watering has already taken place, and registration would prevent the inflow of further "water."

Mr. Holman also states that legislation has its limitations, and would never eliminate the undesirable (including those deficient in character). To the best of my knowledge it has never been suggested that it would do this. If, however, it can be shown that registration would attain its main objects—viz:

(1) To make all practitioners subject to the discipline of some authority;

(2) To set up a minimum standard of education which must be reached by all future entrants to the profession—

it is, in my opinion, irrelevant to quote other ends which it would not achieve and which have not been urged in its favour. Further, the fact that there must always be a number of undesirables in our ranks is a very strong reason why there should be some authority with power to deal with those who break the professional code.

Mr. Cassleton Elliott remarked (1) that most people who desire registration think that they may possibly obtain some material benefit from it, and (2) that it (registration) would simply protect a few practitioners at the expense of the many. I agree with (1), because most advocates of registration are either young qualified men or small practitioners who feel very much the competition of unqualified advertising accountants. Unfortunately very many people are unaware of the difference between the qualified and the advertising accountant, and these people consult the man whose name is most often before them and whose brass plate, office window and newspaper and other advertisements set out fully the many commissions he will undertake. With (2) I do not agree. Registration would merely protect the qualified man from the unfair competition of the unqualified. The present apathetic attitude of many comfortably established accountants towards this question merely encourages the advertising man at the expense of those who have entered the profession through the orthodox channels (often at considerable cost). Under present conditions there is every inducement to a man to build up a practice by advertising and then to seek admission to the Society on the grounds that he is a practising accountant.

One speaker expressed the opinion that the House of Commons would be inclined to consider that the public were more entitled to protection from quack dentists than from quack accountants. I should like to draw his attention to the following quotation from Professor Dicksee's "Auditing":—

"The evil that can be wrought by an incompetent auditor is hardly less vital—and is infinitely more extensive—than that which may be exercised by an unqualified medical practitioner. The latter, if he be the possessor of an extensive practice, might possibly poison a hundred or so patients in the course of a long career; but the former can, while merely confining his attentions to the affairs of one undertaking, readily accomplish the ruin of thousands and the starvation or suicide of scores in a much shorter period."

Since the public are protected from quack dentists, who cannot do as much harm as incompetent medical practitioners, it would appear that there is every reason why the public should be protected from quack accountants.

The above somewhat frank remarks are not written to ventilate my own grievances, for I am not in practice. I have the honour of the profession at heart, and should very much like to see it organised on the same lines as the legal and medical professions.

Apologising for the length of this discourse,

I am,

Yours faithfully,

Swindon, REGINALD DAVIS,  
October, 1927. A.S.A.A.

## District Societies of Incorporated Accountants.

### NEWCASTLE-ON-TYNE.

#### Annual Report.

The following are extracts from the annual report for the year ended June 30th, 1927.

The Committee desire to place on record a very cordial expression of thanks to the gentlemen who have so kindly delivered lectures to the District Society during the year, and to the Council of Armstrong College, Newcastle-on-Tyne, for kindly allowing the use of their lecture rooms.

#### MEMBERSHIP.

During the year 23 new members were admitted, six resignations were received, and one member was removed from the Register of Members for non-payment of subscriptions, making a total membership of 224 at June 30th, 1927, as compared with 208 at June 30th, 1926.

#### LECTURES AND MEETINGS.

The following meetings were held during the year:—

1926.  
Oct. 20th. "Duties and Liabilities of Auditors," by Mr. Willfred H. Grainger, A.S.A.A.  
Nov. 10th. Annual General Meeting.  
Dec. 1st. "Recent Changes in the Law of Property, &c.," by Mr. J. M. Baily, M.A., Barrister-at-Law, Newcastle-on-Tyne.  
Dec. 15th. Mock Meeting of Directors and Auditors.  
1927.  
Jan. 12th. "The Law of Property Acts as affecting the Accountancy Profession," by Mr. E. Westby-Nunn, B.A., LL.B.  
Jan. 25th. "Stock Exchange Transactions," by Mr. M. J. Mall, Newcastle-on-Tyne.  
Feb. 18th. "The Principles of Business Finance," by Mr. A. Lester Boddington, F.S.S.  
Mar. 9th. "Negotiable Instruments," by Mr. F. Y. Waters, B.A.

#### DINNER.

After a lapse of some years the Society held a dinner on December 7th, 1926, at the Central Station Hotel, Newcastle-upon-Tyne, in order to welcome the President of the Parent Society, Mr. Thomas Keens, F.S.A.A.

#### OBITUARY.

The Committee regret to report that the death took place on August 12th, 1927, of Mr. Martin Laverick, F.S.A.A., senior partner in the firm of Messrs. Laverick & Walton, Sunderland. Mr. Laverick was one of the original members of the District Society. They also regret to report the death on August 17th, 1927, of Mr. Wm. A. Meyer, A.S.A.A., of Newcastle-upon-Tyne. Mr. Meyer had been a member of the District Society since 1909.

#### Syllabus of Lectures, &c.

The following are the arrangements for the ensuing session:—

1927.  
Nov. 2nd. "Shipyard Accounts," by Mr. W. H. Stalker, A.S.A.A.; at Sunderland.  
Nov. 16th. Annual General Meeting and Dinner.  
Dec. 2nd. "Commercial Law," by Mr. T. K. Johnston, M.A., LL.M., Lecturer in Law, Armstrong College, Newcastle-on-Tyne.  
Dec. 7th. "Criticism of Balance Sheets," by Mr. A. Lester Boddington; at Middlesbrough.  
1928.  
Jan. 20th. "Economics," by Mr. Thos. Rodger, A.S.A.A., Newcastle-on-Tyne.  
Feb. 1st. "Loss of Profits Insurance," by Mr. Percy D. Stewart, Liverpool, London and Globe Insurance Company, Limited, Loss of Profits Department; at West Hartlepool.  
Feb. 29th. "The Construction of Final Accounts of a Manufacturing Concern," by Mr. R. Kendall, A.S.A.A.



1928.

- Mar. 9th. "Executors Law and Accounts," by Mr. Wilfred H. Grainger, A.S.A.A.  
 Mar. 16th. "Auditing and General Duties of a Practising Accountant," by Mr. Thos. Rodger, A.S.A.A., Newcastle-on-Tyne.  
 Mar. 23rd. "Statistics," by Mr. E. Miles Taylor, F.C.A.  
 Mar. 30th. "Accountancy Problems," by Mr. Thos. Rodger, A.S.A.A., Newcastle-on-Tyne.

**NOTTS, LEICESTER, DERBY AND LINCOLN.****Syllabus of Lectures.**

1927.  
 Oct. 20th. "Executors and Trustees," by Mr. A. E. Cousin, Solicitor; at Nottingham.  
 Oct. 25th. "Executors Law," by Mr. E. Westby-Nunn, B.A., LL.B.; at Leicester.  
 Nov. 11th. "Practical Auditing," by Mr. E. Miles Taylor, F.C.A.; at Nottingham.  
 Nov. 16th. "Stock Exchange Transactions," by Mr. Wilfred H. Grainger, F.S.A.A.; at Leicester.  
 Dec. 7th. "Loss of Profits Insurance and its Application," by Mr. Norman C. Plummer, F.C.I.I.; at Leicester.  
 Dec. 9th. "Finance Act, 1927," by Mr. Raymond Needham, Barrister-at-Law; at Nottingham.  
 1928.  
 Jan. 4th. "Problems in Partnership Accounts," by Mr. C. A. Sales, LL.B., F.S.A.A.; at Leicester.  
 Jan. 18th. Joint Debate with Sheffield District Society; at Sheffield.  
 Feb. 8th. "Bankruptcy," by Mr. T. F. Birch, F.C.A., A.S.A.A.; at Leicester.  
 Feb. 15th. "Company Amalgamations, Absorptions and Reconstructions," by Mr. A. Lester Boddington, F.S.S.; at Nottingham.  
 Feb. 22nd. "Income Tax—Recent Changes in Law and Practice," by Mr. R. V. Rodwell, F.C.A.; at Leicester.  
 Feb. 29th. "Equity as affecting Accountants," by Mr. E. Westby-Nunn, B.A., LL.B.; at Nottingham.  
 Mar. 7th. "The Economic Unemployment of Men and Money," by Mr. C. T. A. Sadd; at Leicester.  
 Mar. 29th. "New Company Legislation," by Mr. C. A. Sales, LL.B., F.S.A.A.; at Nottingham.

Nottingham lectures will be held at the Reform Club, Victoria Street, Nottingham; Leicester lectures will be held at the Turkey Café, Granby Street, Leicester.

**SOUTH WALES AND MONMOUTHSHIRE.****CARDIFF AND DISTRICT STUDENTS' SECTION.**

1927.

**Syllabus of Lectures.**

- Oct. 14th. Mock Income Tax Appeal Meeting. Mr. D. Davies, B.A., A.S.A.A. (H.M. Inspector of Taxes), and Mr. J. Pearson Griffiths, F.S.A.A. (President of the District Society), acting in the capacity of Commissioners.  
 Nov. 17th. "Debentures," by Mr. J. T. Phoenix, Solicitor.  
 Dec. 8th. "Agency," by Mr. O. Temple Morris, Barrister-at-Law.  
 1928.  
 Jan. 12th. "Points of Procedure in Accountancy and Legal Matters."  
 Feb. 9th. "Cost Accounts—How to Apportion Nominal Charges," by Mr. W. A. Stewart Jones, F.R.Econ.S.  
 Mar. 8th. "Verification and Valuation of Assets," by Mr. W. I. Rodda, A.S.A.A.

1927.

**PAPERS UNDER PRIZE ESSAY SCHEME.**

- Oct. 27th. "Changes in Income Tax Law by 1927 Finance Act," by Mr. P. Griffiths.  
 "Apportionment in Executors Accounts," by Mr. A. G. Charters.  
 1928.  
 Jan. 26th. "The Formation of a Limited Company," by Mr. Kenneth Williams.

1928.

- "Receiver for Debenture Holders," by Mr. K. V. Stephens.  
 Feb. 23rd. "The Value of Cost Accounts," by Mr. W. Price.  
 "The Law of Contracts," by Mr. D. Curitz.  
 Mar. 29th. "Bills of Exchange," by Mr. T. W. M. Bowen.  
 "Compulsory Liquidation," by Mr. E. V. C. Nicholls.

The session 1927-28 opened on October 14th, when a Mock Income Tax Appeal was held at the Park Hotel, Cardiff. The new chairman (Mr. Owen I. Thomas, A.S.A.A.) was supported by one of the largest gatherings of students for very many sessions past, in addition to which there were present Mr. Percy H. Walker, F.S.A.A. (Hon. Secretary of the District Society), Mr. D. H. Husband, F.S.A.A., Mr. L. C. Paterson, F.S.A.A., Mr. J. J. Evans, F.S.A.A., Mr. A. D. Thomas, A.S.A.A., Mr. C. L. Parry, A.S.A.A., Mr. T. R. Morris, A.S.A.A., and Mr. J. Alun Evans (Hon. Secretary).

Mr. David Davies, B.A., A.S.A.A. (H.M. Inspector of Taxes), and Mr. J. Pearson Griffiths, F.S.A.A. (President of the District Society), acted in the capacity of Commissioners of Taxes, and the other members taking part in the meeting were Mr. T. N. T. David, B.A., F.S.A.A., and Mr. A. Percy Horton, F.S.A.A. (acting as Inspectors of Taxes), with Mr. Percy A. Hayes, F.S.A.A., as client, and Mr. Guy Ross, A.S.A.A., as client's accountant. Two sets of accounts were before the Appeal meeting, special attention being directed to difficult points arising in the computation of income tax assessments. The meeting was a great success, and will doubtless be of help to students in their study of income tax. The humorous side of the proceedings was also greatly enjoyed.

The meeting concluded with a hearty vote of thanks to the members who acted as Commissioners and to others who had taken part.

**SWANSEA AND SOUTH-WEST WALES.**

At a meeting of this Society held on October 14th the following officers and Committee were elected:—President, Mr. W. H. Ashmole, M.B.E., F.S.A.A. (Swansea); Vice-President, Mr. G. Brinley Bowen, F.S.A.A. (Swansea); Committee, Mr. W. H. Charles, F.S.A.A. (Llanelli), Mr. H. Edwards, F.S.A.A. (Swansea), Mr. F. Jennings, F.S.A.A. (Neath), Mr. W. G. Miles, A.S.A.A. (Swansea), Mr. T. Mills, F.S.A.A. (Swansea), Mr. R. A. Wetherall, F.S.A.A. (Swansea), Mr. D. J. Charles, B.A. (Llanelli), Mr. F. Eaton (Swansea), Mr. S. J. Gealer (Swansea), Mr. A. L. Sims (Swansea), Mr. R. A. Tucker (Swansea), Mr. T. J. Wellington (Swansea); Educational Committee, Mr. W. H. Ashmole, M.B.E., F.S.A.A. (Swansea), Mr. G. Brinley Bowen, F.S.A.A. (Swansea), Mr. T. Mills, F.S.A.A. (Swansea), Mr. R. A. Wetherall, F.S.A.A. (Swansea), Mr. H. Atkins (Swansea), Mr. A. L. Sims (Swansea), Mr. R. A. Tucker (Swansea); Hon. Auditor, Mr. J. T. Nicholas, A.S.A.A. (Llanelli); Hon. Treasurer, Mr. A. W. Sleeman, A.S.A.A. (Swansea); Hon. Librarian, Mr. H. Atkins (Swansea); Hon. Secretary, Mr. T. O. Morgan, A.S.A.A., Deputy Borough Treasurer (Swansea).

**YORKSHIRE.****ANNUAL MEETING.**

The thirty-third annual meeting of this Society was held at Leeds on October 14th. Mr. Alfred Walton, F.S.A.A., F.C.A. (President), occupied the chair, and there was a large attendance of members.

The thirty-third annual report and accounts for year ending June 7th were submitted and adopted unanimously. Extracts from the report appear below.

The following officers and Committee were elected for the ensuing year:—President, Mr. J. W. Carter, F.S.A.A. (Leeds); Vice-Presidents, Mr. Wm. Claridge, M.A., F.S.A.A. (Bradford), Mr. F. C. Crosland, A.S.A.A. (Leeds), Mr. Arthur France, F.S.A.A. (Leeds), Mr. Fredk. Holliday, F.S.A.A. (Leeds), Mr. J. B. Laphs, F.S.A.A. (Leeds), Mr. E. B. Shaw, F.S.A.A. (Huddersfield), Mr. Wm. Walker, A.S.A.A. (Leeds), Mr. Alfred Walton, F.S.A.A., F.C.A. (Leeds), Sir Charles H. Wilson, M.P., LL.D., F.S.A.A. (Leeds); Committee, Mr. G. Astle, A.S.A.A. (Leeds), Mr. O. Avison, F.S.A.A. (Huddersfield), Mr. H. Bray, A.S.A.A. (Leeds), Mr. O. Coope, A.S.A.A. (Leeds), Mr. Wm. Gaunt, F.S.A.A. (Leeds), Mr. C. H.



Goldthorpe, A.S.A.A. (Leeds), Mr. Thos. Hayes, F.S.A.A. (Leeds), Mr. J. H. Henderson, F.S.A.A. (Leeds), Mr. B. Mortimer, A.S.A.A. (Leeds), Mr. J. R. Moger, F.S.A.A. (Leeds), Mr. T. Revell, F.S.A.A. (Leeds), Mr. A. Schofield, A.S.A.A. (Leeds), Mr. Wm. Tate, F.S.A.A. (Leeds), Mr. H. Threlfall, A.S.A.A. (Dewsbury); Hon. Librarian, Mr. George Malthouse, A.S.A.A. (Leeds); Hon. Secretary, Mr. T. W. Dresser, F.S.A.A. (Leeds); Hon. Treasurer, Sir Charles H. Wilson, F.S.A.A. (Leeds); Hon. Auditor, Mr. Tom Coombs, F.S.A.A. (Leeds).

### Report.

The following are extracts from the thirty-third report covering the period ending September 1st, 1927:—

#### MEMBERSHIP.

The number of members on the roll is 303, made up as follows:—40 Fellows, 111 Associates, 152 Students.

We regret to report the death of the following members since the last report:—Mr. J. D. Butterell, F.S.A.A., Hull (died January 29th, 1927); Mr. T. S. Slater, A.S.A.A., Harrogate (died September 9th, 1926); Mr. Thomas Coombs, F.S.A.A., Leeds (died July, 1927). Also that fourteen other members have resigned their membership owing to removal elsewhere, or retirement from practice.

#### LECTURES AND DISCUSSIONS.

The following lectures and discussions were arranged for the 1926-27 session, and were well attended by senior and student members, the average attendance being 40:—

#### 1926.

- Oct. 12th. "Bankruptcy," by Mr. Wilfred H. Grainger, F.S.A.A., London.
- Oct. 26th. "Loss of Profits Insurance and Claim Settlements," by Mr. R. G. Knight.
- Nov. 3rd. "Recent Income Tax Developments," by Mr. A. G. McBain, C.A., Glasgow.
- Nov. 24th. "Some Modern Problems of the Foreign Exchange," by Professor Douglas Knoop, M.A., Sheffield University.
- Dec. 7th. Mock Income Tax Appeals—Joint Meeting with the Bradford and District Incorporated Accountants' Society.
- Dec. 14th. "Business Relations between Secretary and Auditor"—Joint Meeting with the Chartered Institute of Secretaries (West Yorkshire Branch).

#### 1927.

- Jan. 11th. "Some Thoughts on Accounts and Financial Statements," by Mr. Victor Walton, A.C.A., Leeds.
- Jan. 25th. "Criticisms of Balance Sheets," by Mr. A. Lester Boddington, F.S.S., London.
- Feb. 8th. "The Auditor and his Legal Responsibilities," by Mr. R. T. McCutcheon, F.S.A.A., F.C.W.A., F.S.S.
- Feb. 22nd. "Investigations in respect of Fraud, Promotion and Purchase of a Business," by Mr. E. Miles Taylor, F.C.A., London.
- Mar. 15th. Joint Meeting with the Bradford and District Incorporated Accountants' Society.
- Mar. 22nd. "Some Problems of Taxation," by Mr. G. H. Austin, B.A., Ph.D., Leeds.

### Dinner and Concert.

At the close of the annual meeting members and friends assembled at the Griffin Hotel for dinner. The retiring President (Mr. Alfred Walton) presented the new President (Mr. J. W. Carter, F.S.A.A.) with his badge of office, and said he had known Mr. Carter for the last twenty years, and had always found him a man of his word; any student members who were in any difficulty would find him only too willing to assist them as far as possible. Mr. Walton said that during his year of office he had attended various dinners and social functions, but had not seen any Presidential badge he liked so well as the one belonging to the Yorkshire District Society.

Mr. J. W. Carter, in responding, thanked Mr. Walton and the members for his election as President for the year 1927-28,

and said he intended as far as possible to bring the Yorkshire District Society of Incorporated Accountants before the public of Leeds, and asked all members to back him up by giving their support. Mr. Carter referred to his visit to the 1927 Conference of the Society at Manchester as representative of the Yorkshire District Society, the arrangements for which were excellent. He regretted more Leeds members had not been able to be present to hear the Presidential Address by Mr. Thomas Keens and the paper by Mr. E. Cassleton Elliott.

### Syllabus of Lectures.

The following are the arrangements for the 1927-28 session:—

#### 1927.

- Oct. 11th. "Voluntary Liquidations," by Mr. J. W. Richardson Hargrave, Solicitor, Leeds. *Chairman:* Mr. Oswald Coope, A.S.A.A., Leeds.
- Oct. 25th. "Income Tax, with Special Reference to the New Law," by Mr. Victor Walton, A.C.A., Leeds. *Chairman:* Mr. Arthur France, F.S.A.A., Leeds.
- Nov. 15th. "Reducing the National Debt," by Professor Douglas Knoop, M.A., Sheffield University. *Chairman:* Mr. E. B. Shaw, F.S.A.A., Huddersfield.
- Nov. 29th. "Company Law Amendment Act, 1927," by Mr. Alfred Walton, F.S.A.A., F.C.A., Leeds. *Chairman:* Mr. Wm. Gaunt, F.S.A.A., Leeds.
- Dec. 13th. "Executorship Law and Accounts," by Mr. Wilfred H. Grainger, A.S.A.A., London. *Chairman:* Mr. H. Threlfall, A.S.A.A., Dewsbury.

#### 1928.

- Jan. 17th. "The Application of Economics to Commerce," by Mr. A. Lester Boddington, F.S.S., London. *Chairman:* Mr. A. Schofield, A.S.A.A., Leeds.
- Jan. 31st. Mock Income Tax Appeals. *Chairman:* (Name to be announced.)
- Feb. 14th. "Money," by Mr. George R. Lawson, F.S.A.A., B.Com., Bradford. *Chairman:* Mr. Herbert Bray, A.S.A.A., Leeds.
- Feb. 28th. "Goodwill," by Mr. A. F. Saunders, F.C.A., F.S.A.A., London. *Chairman:* Mr. Thos. Hayes, F.S.A.A., Leeds.
- Mar. 13th. "Factors Influencing the Scale of Modern Enterprise," by Professor J. H. Jones, M.A., Leeds University. *Chairman:* Mr. Alfred Walton, F.S.A.A., F.C.A., Leeds.
- Mar. 27th. "Super Tax in relation to Companies," by Mr. H. W. L. Reddish, A.C.A. *Chairman:* Mr. J. W. Carter, F.S.A.A., Leeds.

All lectures are held in the Church Institute, Albion Place, Leeds, and take place at 6.30 p.m.

The opening lecture of the 1927-28 session was held on October 11th at Leeds, when Mr. J. W. Richardson Hargrave, Solicitor, Leeds, gave an address on "Voluntary Liquidations." Mr. Oswald Coope, A.S.A.A., Leeds, was in the chair. There was a good attendance of student members, who discussed with the Lecturer at the close of his address several difficulties which had arisen in their studies. Mr. F. V. Rowden proposed, and Mr. T. W. Dresser seconded, a vote of thanks to the Lecturer for his able paper.

The second lecture of the Session was held in the Chapter Hall, Church Institute, Leeds, on Tuesday, October 25th, when Mr. Victor Walton, F.C.A., of Leeds, gave a paper on "Income Tax, with special reference to the New Law and the Finance Act, 1927," to about seventy senior and student members. The meeting was presided over by Mr. Arthur France, F.S.A.A., Leeds. The Lecturer supplied all members attending with a series of twelve examples, showing the effect on computations of the sections dealt with. At the close of an interesting lecture a discussion took place on the effect of certain sections, in which Mr. A. France, Mr. C. H. Goldthorpe, Mr. L. Parish, Mr. A. C. Ranshaw, and Mr. S. Spofforth took part.

## THE CHARTERED INSTITUTE OF SECRETARIES.

### Annual Report.

The following are some extracts from the Report of the Council to be submitted at the Thirty-sixth Annual General Meeting of the Institute on Tuesday, November 1st.

#### MEMBERSHIP.

During the year ending August 31st the net increase in membership was 101. On that date the number on the Roll was 5,925, of whom 2,102 were Fellows and 3,823 were Associates; 253 new members were elected, and 20 former members were re-admitted to membership. The number of members whose names were removed from the Roll through death or otherwise was 172.

#### EXAMINATIONS.

The results of the examinations held in December, 1926, and June, 1927, were as follows:—

	Candidates.	Passed.
<b>December, 1926.</b>		
Preliminary .. .. .	53	34
Intermediate .. .. .	595	215
Final .. .. .	350	104
<b>June, 1927.</b>		
Preliminary .. .. .	85	51
Intermediate .. .. .	669	323
Final .. .. .	347	99
<b>Totals.</b>		
Preliminary .. .. .	138	85
Intermediate .. .. .	1,264	538
Final .. .. .	697	203
	<b>2,099</b>	<b>826</b>

#### STUDENTS.

The number of students, including articled clerks, registered during the year was 1,082. The total number on the register at August 31st was 4,640.

The allowable period of registered studentship has been extended from three to six years. From January 1st, 1928, the registration fee will be £1 11s. 6d.

#### UNIVERSITY COURSES.

The courses in Secretarial Practice established by the Institute at the Universities of London, Sheffield, Durham (at Armstrong College, Newcastle-on-Tyne), and Edinburgh have continued during the year. They were well attended at London, Sheffield and Edinburgh, and it is hoped that the attendance will soon be equally good at Newcastle. By means of the lectureships thus provided, the Council has been able to arrange with the authorities at all four Universities for a full course in the Institute examination subjects.

#### INSTITUTE PREMISES.

The freehold of the hall and premises lately occupied by the Worshipful Company of Curriers at 6, London Wall, the purchase of which was approved at the annual general meeting in November, 1925, will be in the occupation of the Institute on the expiry of the lease of the present Institute premises in March next. The structural condition of the premises is reported by the architect, Mr. Sydney Tatchell, F.R.I.B.A., as excellent. A certain amount of alteration and embellishment of the interior for the purposes of the Institute being necessary, the Council has entrusted the work to Higgs & Hill, Limited, who submitted the lowest tender and are now carrying out the work under the supervision of the architect.

The total cost of the freehold and building (£31,000), with the alterations and embellishment, for which the contract price is £4,855, amounts to £35,855. The final figure will be ascertainable on completion of the contract work now in progress.

In connection with the furnishing, provision is being made for a special scheme of seating in the hall, so as to enable the room to be used for such occasions as the annual general meeting. Provision is also being made for a members' room, in addition to the library, accommodation for meetings of Council and committees, and for the Institute offices.

#### COMPANIES BILL, 1927.

The Law and Parliamentary Committee have given close attention to the Companies Bill, 1927, which is based upon the report of the Company Law Amendment Committee, 1925-26. In a very few cases the Bill goes beyond the recommendations of the Committee—e.g., Clause 44, which gets rid of a small but troublesome anomaly of the present law affecting service of process; Clause 46, which repeals a section of the principal Act, which has long been obsolete and the repeal of which was recommended in the recent report of the Committee on the Law of Arbitration; and Clauses 81 and 82 in so far as they provide for enforcing the rights of creditors in certain cases where, under the present law, foreign companies who have carried on business in Great Britain cannot be served.

The Bill was first introduced in the House of Lords, and certain points raised by the Institute were met by Government amendments on the Second Reading in that House. The Bill is now waiting consideration in the House of Commons.

Clause 4, as drafted, provided that every company should keep as part of the register of members an index of names and addresses. It is believed the Board of Trade Committee never had in mind the inclusion of addresses in the proposed index, but simply that there should be an index of names to meet the convenience of persons who search registers in which the entries are not placed in alphabetical order. The clause has been amended, and now provides that every company having more than 50 members shall, unless the register of members is in such form as to constitute in itself an index, keep an index of the names of the members of the company, which may be in the form of a card index, and shall contain sufficient indication to enable the account of that member in the register to be readily found.

Clause 7 amends sect. 30 of the Consolidation Act of 1908 (which relates to the inspection of the register of members) by requiring a company to supply to any person on request a copy of any part of the register of members within, in the case of a company not having more than 500 members, a period of three days, and in the case of any other company a period of three days increased by one for each 1,000 additional members up to 21 days. A Government amendment was moved and agreed on this clause to meet the Institute's point that seven days should be allowed instead of three. The further suggestion to extend also from one day to three the time for each additional 1,000 members, where a company has a membership exceeding 500, was not adopted by the Government. The main point, however, has been met.

A suggestion was also advanced and met on Clause 20 (which is in substitution of sect. 68 of the 1908 Act relating to the representation of companies at the meetings of other companies of which they are members), so that now a "corporation whether a company within the meaning of this Act or not" may appoint a representative to act at a meeting of another company or any class of members of a company or a meeting of creditors.

Clause 34 (which requires every company to keep proper books of account), as drawn, required directors at the general meetings in every year to submit a report stating amongst other things the amount, if any, which they proposed to carry to the reserve fund. Such a requirement was felt to be unreasonable if it included inner reserves, and the provision has been amended to read that the report by the directors shall state the amount, if any, which they propose to carry to the "reserve fund, general reserve or reserves account shown specifically on the balance-sheet, or to a reserve fund, general reserve or reserve account to be shown specifically on a subsequent balance-sheet."

The Council desires to place on record its appreciation of the helpful reception by the Government of the representations put forward by the Institute on these and other points.

#### POWERS OF ATTORNEY.

The practice in the matter of dealing with powers of attorney, which is of special interest to secretaries of companies as well as a wider circle—and is of a rather intricate nature—has led the Council to the conclusion that a fuller treatment of it would be desirable than there is space for or would be appropriate in "Secretarial Practice." Accordingly, with the collaboration of Mr. H. M. Cohen, of Messrs. Linklaters & Paines, the solicitors for the Institute (who has prepared the book), the Council has issued a manual on the law and practice of that branch of law, which it is hoped will prove helpful to members of the profession.

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Photo by Walter Scott, Bradford.

INCORPORATED ACCOUNTANTS' CONFERENCE, MANCHESTER, 1927.



## Incorporated Accountants' Conference at Manchester,

September 28th, 29th and 30th,  
and October 1st, 1927.

At the invitation of the Manchester and District Society, an Autumnal Conference of Incorporated Accountants was held in Manchester on September 28th, 29th, 30th, and October 1st. It was a very successful Conference from all points of view.

By kind permission of the Lord Mayor of Manchester, who formally opened the Conference, the business sessions were held in the Lord Mayor's Parlour in the Town Hall. At the first session the President delivered his Presidential Address, and at the second session a paper was read by Mr. E. Cassleton Elliott, London, on "The Accountant and the Public." The following is a record of the proceedings and social functions.

### Welcome by Lord Mayor.

The LORD MAYOR OF MANCHESTER, who was received with applause, opening the first business session on Thursday morning (September 29th), cordially welcomed the Society to the City. He remarked that they seemed to have come on a busman's holiday, for their purpose was to confer on professional topics; but if we did not confer about our concerns and businesses we were apt to get into grooves, which was not good for any one. He had great respect for the profession of accountancy. He did not regard accountants simply as gentlemen who kept accounts. To-day their function was much larger than that, for they had become financial advisers to the commercial community and, as such, very important members of society.

The PRESIDENT (Mr. Thomas Keens) moved a very hearty vote of thanks to the Lord Mayor for his kind welcome.

Mr. FREDERIC WALMSLEY, J.P., Senior Past President of the Society, seconded the motion. He thought he could prophesy that at this Conference they were going to have a record success, and if that should prove to be so the credit would be largely due to the Lord Mayor, who had received them with bounteous hospitality.

The resolution was carried with acclamation.

The PRESIDENT, who then took the chair, extended a welcome to Mr. A. J. Thorpe, Incorporated Accountant, from Rio de Janeiro, and to two representatives of their profession from Germany—Herr Friedrich Bunker (President) and Dr. W. Voss (Secretary) of the Verband Deutscher Bucherrevisoren.

Herr BUNKER, in expressing thanks for the President's welcome, said that accountants in Germany were keenly interested in the subjects to be raised by the President in his address, and in the prospective statement of the aims of the profession by Mr. Cassleton Elliott. In Germany, they knew that the Society of Incorporated Accountants stood for a high standard of efficiency and honour in the profession, and, as representing the profession in Germany, he wished the Society every success in its work.

The PRESIDENT said they were probably aware that Sir James Martin was on his way to South Africa to be present at the

Congress of Federation of Chambers of Commerce of the British Empire. It gave him much pleasure to read a wireless message of greeting and good wishes from Sir James, and he asked them to authorise that their thanks be sent to Sir James Martin by cable to Cape Town, where he would shortly arrive. (Applause.)

### PRESIDENTIAL ADDRESS.

Mr. THOMAS KEENS (the President of the Society) expressed the pleasure of the members at being the guests of the City of Manchester, and then proceeded to deliver his Presidential Address. The following is a short summary of the Address, a full report of which appeared in our last issue:—

The economic life of an enormous manufacturing area, whose tentacles stretched in all directions, was focussed in the City of Manchester. Thanks to that monument of persistence, technical skill and financial ability, the Manchester Ship Canal, ships were able to speed to the Seven Seas, containing the goods necessary to purchase the raw materials and food stuffs required by the inhabitants of these thickly populated isles. Despite its troubles, the cotton industry, aided by new technique, stood pre-eminent, and co-ordinating and dependent upon the manufacturing activities of Lancashire was the vast merchant and warehouse business of the city. The President referred to the vigorous intellectual and educational life of Manchester, and the traditional individualism and grit so properly and honourably associated with Manchester men and women. The educational work was peculiarly manifested in the University and other educational foundations, and the great human organisation, known as the City of Manchester was governed by a Lord Mayor and Corporation who, with a high sense of public duty, sustained an honourable civic tradition.

In dealing with matters affecting the accountancy profession, the President deplored the recent and sudden death of Sir Arthur Whinney, K.B.E., lately President of the Institute of Chartered Accountants.

Recognition of the status of the self-governing Dominions as equal partners in the British Commonwealth was a matter of satisfaction to all, but the logical application of these developments had given rise to some practical problems affecting the accountancy profession in South Africa. It was the policy of the Council to maintain a recognised position in the Union and to continue facilities to qualified persons to obtain in South Africa a world wide qualification—that of Incorporated Accountant—of 42 years standing.

A recent Parliamentary answer had indicated that the expenditure per head of population in this country had risen from £4 6s. 5d. in 1913/14 to £18 12s. 6d. in 1926/27. On the revenue side the total amount was approximately £200,000,000 in 1913/14 and £805,701,000 in 1926/27. Of the latter amount, about half was raised from direct taxation. The reasons for this enormous increase in expenditure were well known, and he would be the last to deny that much of it was justified by reason of our internal and external national obligations. Further, considerable expenditure was necessarily incurred in creating those conditions without which the well ordered business life of the country could not proceed. Yet it was impossible to escape from the economic effect of this enormous government expenditure, swelled as it was by expenditure on municipal services.

Incorporated Accountants in dealing with taxation matters recognised their duty to clients: it was to see that no more was rendered unto Caesar than was lawfully due, but not to be parties

to anything in the nature of evasion or fraud on the State. Could it be said that the position of the professional accountant in the discharge of these difficult duties was adequately recognised and safeguarded? He did not think it was, and, in the interests of the state and the community, it should be. In regard to the several questions addressed to them by Inspectors of Taxes, while he felt that inquiries made were sometimes unnecessarily detailed, he recognised that the attitude of the Revenue Authorities was directed towards reducing the risk of evasion or possible deception, of which, he regretted, their profession had sometimes had experience.

In the view of Mr. Keens, there was a close connection between the high rate of Imperial and local taxation and the state of trade. If it were a matter of satisfaction that the standard of living had been maintained, the figures for unemployment were very unsatisfactory. Attention was called to the large number of industries which have sprung up in the Southern Midlands and South of England, mostly supplying the home market, yet he regretted the long story of depression in the staple industries which in the past had maintained our export trade. He thought we might be moving to a new trade equilibrium, in which, having regard to the Empire's resources, there was considerable hope; but the movement was very uncomfortable during the transition stage.

The President addressed himself to the question, "Do Taxes, particularly Income Tax, affect Industry?" The sum of the conclusions of the Colwyn Report was somewhat in the negative. But the fact that large sums had to be paid out in cash must affect the finances of large and small undertakings alike and, being placed at the disposal of the State, could not be expended or reserved by the tax payers. This meant dislocation, although Mr. Keens did not feel he could put his criticism higher than that. He was compelled to agree with their brilliant colleague and fellow member, Sir Josiah Stamp, that a considerable amount of the moneys extracted by taxation filtered back into trade and industry. The cry for economy, however, was not a mere "stunt," and he believed that economy, could only be undertaken by the Government itself, supported by some improvement in financial procedure in the House of Commons.

Whatever view might be taken of the effect of taxation upon industry, there could be no question of the serious and damaging effect of rates, particularly in regard to "small business" (as opposed to "big business"), to the advantages and claims of which he had previously addressed himself. Returns showed that the average rate in the £ throughout the country was 6s. 8½d. in 1913/14, while in 1924 it was 12s. 1½d.; while the total amount of rates paid was £71,276,000 in 1913, the figure for 1924 was £143,275,000. The influence of this rating upon the cost of manufacture was enormous.

Speaking in the light of his experience as a member of a County Council, Mr. Keens attributed a considerable portion of this burden to the responsibilities and charges placed by the Imperial Government upon local authorities, without adequate financial provision. Some years ago he found that expenditure incurred by a particular county not controlled by the council was 21½ per cent. The percentage had now risen to 90 per cent., and was practically controlled by the Government. Mr. Keens strongly supported a suggestion, which had been made, that a small body of capable men and women should be appointed to summarise quickly for the Chancellor of the Exchequer the recommendations which various Commissions had made, without taking fresh evidence;

and to make some practical suggestions. He believed that among Incorporated Accountants were a considerable number of men well qualified to deal with this particular question.

Mr. Keens also referred to the question of commercial arbitration, which was to be discussed at the Federation of Chambers of Commerce of the British Empire in Cape Town early next month. He hoped that the report would popularise arbitration in disputes and differences between commercial men, a branch of work in which he believed Incorporated Accountants could render substantial service.

In concluding his address, the President said the accountancy profession was a dynamic and constructive force in the world of affairs of industry, commerce and finance. He was confident that Incorporated Accountants would face their problems, accept their responsibilities and rejoice in their accomplishments with credit to themselves and with honour to their profession.

#### Discussion on Presidential Address.

Mr. HENRY MORGAN, London, Vice-President of the Society, congratulated the President on his address. There was no more satisfactory feature of their periodical Conferences, he said, than the reports of the continued progress and prosperity of the Society. These reports proved the wisdom of their long established policy of requiring all candidates to qualify by examination, and of making the examinations more searching, to ensure that new members of the Society were qualified to undertake the ever-increasing responsibilities and obligations of the profession. Alluding to the President's treatment of the subject of taxation and its burden upon industry, Mr. Morgan said that figures showing the difference in the burdens borne by our own manufacturers and those borne by their foreign competitors for export trade would prove that our own manufacturers were under a severe handicap. Other nations were rapidly catching us up in the acquisition of technical knowledge and manufacturing skill. Heavy rates and taxes were a serious handicap against our successful competition. But these were not the only handicaps. At the close of the war special measures were devised to meet temporary conditions, and they were still in operation in this country although similar measures had been abandoned in other countries. He would mention the "dole" as a typical measure of this kind. The "dole" was not only an addition to the cost of production, to which our most serious competitors were not subject, but at the same time it was demoralising a large part of our industrial population. Another handicap was the limitation of individual output. The pernicious doctrine that the less an individual did, the more workers there would be needed, was all too widely diffused. We could not ignore the fact that to-day many people were not working with the same energy and determination as they did before the war. What was the remedy for this state of things? He thought it lay in closer co-operation between employers and employed. If we were to maintain our industrial position we must try to get the maximum out of every hour that was worked. On the subject of the accountant's relation to the Commissioners of Inland Revenue, Mr. Morgan said that the accountant's client required of him to make sure that he got the advantage of every relief and allowance to which the law entitled him. He agreed with what the President had said about the Inspectors of Taxes. They had constantly to try and settle contentious points with the Inspectors of Taxes, but as a rule the Inspectors were very fair and reasonable when approached in a courteous spirit. They did sometimes ask

what appeared to be unnecessary questions, which were irksome to answer and involved a great amount of work; but if the questions were really unnecessary a few minutes talk with the Inspector would generally satisfy him on the points at issue. The Inland Revenue officials did from time to time consult the Institute and the Society on matters of procedure with regard to taxation, and he was of opinion that this tendency to co-operate could be extended with benefit to the public, the Inland Revenue Department, and their own profession also. It was sometimes interesting to reflect upon the changes that had taken place in procedure regarding the assessment and collection of Inland Revenue taxes. The time when the income tax was only about as many pence as it was now shillings was within the recollection of most of them. In those days most people made out their own income tax returns and their figures were a matter of estimate, and of conservative estimate at that. Their returns were generally accepted by the Surveyor of Taxes, and the assistance of an accountant was regarded as a luxury rather than a necessity. Those were the good old days of the taxpayer. Those days were gone. But accountants had some compensation. The need for qualified accountants was growing, and would continue to grow, and their Society had attained a position and prestige which justified them in looking forward to further progress in the future with complete confidence.

Sir CHARLES H. WILSON, M.P., LL.D. (Leeds), Past President, speaking on the problems of rating and taxation, said that at the first Conference the Society held at Liverpool he ventured to suggest that their members should take an increasing part in public life, and he had endeavoured to practice what he preached. He had had some 40 years' experience of the problems of public life. There was, he asserted, plenty of room for the brains of Incorporated Accountants on all public bodies. Now it could not be denied that prior to the passing of the recent Act relating to rating, there were great anomalies as between city and city, and as between one ratepayer and another. He would not weary them by describing these anomalies. But there was one weakness of the present Act which he wished to expose. He had no quarrel with the new rating authority which had been set up. But there was an assessment committee which had been given certain statutory duties, and one of these duties, he suggested, it was impossible for the committee to carry out. The rating authority would employ a considerable staff for valuation purposes, and then a committee of a dozen or so was charged with the duty of seeing that all the assessments were correctly made. When he pointed out to them that the assessment committee was the body to hear appeals, they would see that that duty ought never to have been put upon it. He said without fear of contradiction that the assessment committee could not go through the thousands upon thousands of cases involved in the assessment of a city like Leeds, for instance. Neither ought that committee to do so. But one result of the Act would be that for the first time we should have something like a standard system of assessment throughout the country. He looked at one city which was larger than Leeds and saw that its assessable value was thousands of pounds less. Anomalies like that would probably be put right, and it was high time they were. If a city was under-assessed the whole nation suffered. Just as accountants had long ago agreed that it was no part of their job to help their clients to escape their fair share of taxation, so it was the job of the rating authority to see that every man paid the rates he ought to pay—no more and no less. That, he believed, would come about under the new Act. He welcomed the provision of the new Act which allowed 40 per cent. for the repair of small

properties. This would encourage owners to keep their properties in repair. With regard to Treasury grants to local authorities for matters which were national, purely and simply, he had always contended that a 50 per cent. grant was not enough. But the British Treasury was one of the hardest nuts to crack in the world. They were always forcing down the percentage of grants. It ought to be definitely settled on a fair basis what the grants should be, so that both the Chancellor of the Exchequer and the local authorities could know where they were.

Mr. C. HEWETSON NELSON (Liverpool), Past President, said that 25 years ago they would not have had from their then President an address covering such wide scope, and that fact showed how the horizon of the accountancy profession was widening. It was bound to widen, seeing that their Society now embraced Government and municipal accountants as well as public accountants, and also Inspectors of Taxes. With regard to changing accountants while matters relating to income tax were under consideration, he would like to point out that, in connection with the Trade Facilities Act, the Treasury had inserted a clause in their agreements to the effect that there must be no change of accountant or auditor while an agreement is in force, without the consent of the Treasury. That was a clause which he thought would meet with their entire approval. Regarding the ever lengthening questionnaires of Inspectors of Taxes, he would ask them to remember that the Inspectors themselves were inspected, and since these forms of questions were provided, it was the business of someone to see that the Inspectors had at least submitted these questions. Those who had had experience of American and of Spanish methods of dealing with taxes would be grateful that they were living in this country, and subject only to the tender mercies of the English income tax authorities. With regard to taxation and trade, the evidence given by Mr. W. H. Coates before the Colwyn Committee seemed to have convinced that Committee that taxation was not taken into account in the price of commodities or the cost of production. He had discussed the subject with Mr. Coates, and no doubt, when they took figures in the aggregate, as Mr. Coates had done, they might justly reach the conclusion that Mr. Coates had reached. But he submitted that, as practical accountants, they had all seen the figures as to taxation included as part of the costs of production; indeed, they had to be included somewhere, if there was going to be a profit. Even Sir Josiah Stamp, who shared Mr. Coates's view, went so far as to say that there was an impulse to save when a reduction in super tax took place. He looked on that as an important admission, because it went a long way to solve one aspect of the problem with which the President had dealt in his address. If the trade of the country was to improve there must be saving, or there could not be increased capital available to put into industry. Few people were awake to the fact that for every additional unit of labour put into commission, new capital, estimated variously from £400 to £2,000, was involved. There was one point on which, perhaps, he had a prejudice. He did not like the extension of the hire purchase system which they now saw in progress. Only last week it was stated that 90 per cent. of the automobiles purchased in America were purchased on the hire purchase system. He was one of those who believed that, in matters of luxury especially, that sort of thing might be very dangerous in the event of a trade panic taking place. He sincerely hoped that accountants would not give their blessing to an extension of that system in this country. Finally, he thought we were devoting too much time to commissions of inquiry, and too little time to work. Work, and the devotion of the best business brains of the country



to their immediate concerns, instead of to committees of inquiry, was what was needed to restore our trade and commerce.

Mr. F. WALMSLEY (Manchester), Past President, spoke against the manner in which, by continued domestic legislation, the National Government imposed burdens upon the local authorities which they ought not to bear. As regards the relative incidence of rates and taxes, conditions were very anomalous, as, broadly speaking, taxes were only payable on property, investment income, or profits made from the conduct of business. Rates, however, were imposed on the trade and industries whether profitable or not, and weighed heavily on profitless industries. As regards ill-spent and fruitless expenditure, he mentioned a case where a large trunk road, at an expenditure of £150,000, had been carried out, and the road led to nowhere. It was merely a cul-de-sac, and was used as a fashionable motor parade. He thought public expenditure on housing was being overdone; the subsidy was being very much abused, and in his neighbourhood large numbers of empty houses were advertised for sale for immediate possession, and yet the local authority was building more and more houses. Everybody realised that the nation was groaning under all too heavy rates and taxes, and yet national expenditure continued to grow, and the Government were impotent to carry out any economical relief. There were borough treasurers and accountants present, and it would be interesting to hear something from these gentlemen upon this very important subject.

Mr. GEORGE A. MARRIOTT, President of the Manchester District Society, referred to the difficult questions which accountants were sometimes asked respecting statements submitted for purposes of assessing taxation. In one instance his firm was asked in regard to accounts submitted on behalf of a yarn agent, who had never carried any stock for over twenty years, "How has the stock in hand at the end of the period been arrived at?" Another inspector remarked upon an account that was submitted: "The amount of the gross profit is very disappointing." That, of course, was exactly what his clients thought. In another case his firm was asked to state "how many miles per annum his client's motor was run for private purposes."

Mr. F. OGDEN WHITELEY, City Treasurer of Bradford, Member of the Council, said the figures given by the President regarding the burden of rates might be supplemented by the following figures, which made the facts, perhaps, even more striking. The average amount per head of the population raised in the shape of rates was £1 18s. 11d. in the year 1914, whereas in 1925 it had gone up to £4 2s. 5d. per head of the population. In many large cities and towns the enterprises of the local authority constituted the largest business undertaking in those cities and towns. If the burden of rates was higher than trade and industry could bear, who was to blame? As an official—a city treasurer—he was certainly not going to take the blame. The blame lay upon other shoulders. Expenditure could be classed broadly under three headings. First, there was the burden of capital expenditure—the interest and sinking fund charges. They could not get away from such charges as these. Then there was expenditure on what might be called semi-national services, in which the national Government as well as the local authority was interested. It had already been pointed out how little control the local authority had over expenditure of that kind. Then there was the third class of expenditure, which was entirely controllable by the local authority itself. With regard to the second and third classes of expenditure, he

wanted to say that the responsibility rested to a considerable extent upon the people who elected the local authorities. It must be regretted that to-day the same type and standard of business or professional man was not to be found on the local authorities—with few exceptions—as used to be found twenty years ago. He was not speaking from any political party point of view—his observation applied all round. The best business men made the excuse that they would not stand the humbug. This point had been referred to by Sir Charles Wilson, and he wanted to emphasise it. In his own city council of 84 members there was not a single accountant, and there had not been one for many years. He wanted to set before members of their Society the example of men like their President and Mr. Hewetson Nelson and Sir Charles Wilson, whose professional experience must be very valuable on local authorities. The President had pointed out that in his county about 90 per cent. of the local expenditure was controlled by the Government. Over the whole country the amount of local expenditure borne by Government grants was about 36 per cent., and the remainder came out of the rates. Services like health, education, and police, which were semi-national in character, and for which the Government should bear a larger share of financial responsibility, had grown enormously in the last twenty years. Of the amount raised by rates throughout the whole country during 1925, the proportions for particular objects were as follows:—education 21 per cent., highways and bridges 20 per cent., health services 21 per cent., relief of the poor 19 per cent., administration of justice (police and fire brigades) 7 per cent., and other services 12 per cent. By far the greater part of this expenditure—and of the growth of expenditure—was in respect of services which had not their origin in the localities themselves. The Chancellor of the Exchequer had said that it was an unpleasant position for him to be in, when he had to accept decisions taken by local authorities over which he had not the slightest control. With great respect to the Chancellor of the Exchequer, he had to say that that gentleman was wrong. In the first place, local schemes, and all extensions of schemes, had usually to be approved by the appropriate Government Department. Very often schemes were not contemplated by the local authorities but were forced upon them by Act of Parliament or urged by some Government Department. Before the work was put in hand a full and detailed estimate had to be put in to the Government Department concerned, and it was only approved expenditure that was recognised by the Government for grant. In some cases the local authorities had to make estimates as long as eighteen months before hand, and the Department only allowed to rank for grant "approved expenditure within the estimate or the actual cost, whichever was the less." Unemployment relief work grants were made on an inadequate basis for only half the period of the loan. The local authority got a loan for twenty years, and the Government would pay half the cost of interest and sinking fund for ten years. Now what was going to happen in such cases during the latter ten years of the loan period? It looked as if an extra 2d., 3d. or even 6d. was coming on the ratepayers. He welcomed the suggestion of the Right Hon. William Graham, that a body of capable men and women should be set up to assist in considering the problems of the financial relations between the Government and local authorities. There were able men in the Municipal Treasurer's Institute and the Society of Incorporated Accountants who could assist on such a committee, and who would not only be able to see the municipal side of the questions, but the business side as well.

This concluded the business of Thursday's session.



The Conference continued on Friday morning, September 30th, when a Paper was read on

## THE ACCOUNTANT AND THE PUBLIC

BY

MR. E. CASSLETON ELLIOTT,  
INCORPORATED ACCOUNTANT, LONDON.

MR. ELLIOTT said: To deal adequately with the fascinating subject which has been chosen for me in the title "The Accountant and the Public" would take up the whole of the time allotted to this session and more, but to facilitate the discussion to follow this paper I propose to touch briefly upon as many points as I can in the time allocated to me.

I propose to ask four questions:

- 1.—Of the public, who are the clients of the accountant?
- 2.—What does the public require and expect of the accountant?
- 3.—What is the accountant prepared and able to give the public?
- 4.—What are the accountant's public duties, and how are they fulfilled?

The fourth question will be dealt with specifically and also inferentially in discussing the other three questions.

### 1.—OF THE PUBLIC, WHO ARE THE CLIENTS OF THE ACCOUNTANT?

First I will try and define what I mean by the public, so far as accountancy is concerned. The obvious definition is that the public means those people who require or who rely upon the services of an accountant directly or indirectly. Therefore I will regard the public as comprehending either those whom I will call our "Direct Clients" or those whom I will call "Indirect Clients."

Our Direct Clients are those members of the public or those public entities who retain our services directly and specifically, and include public and private companies, firms and private individuals.

Our Indirect Clients are those members of the public who indirectly rely upon our services: they repose confidence in our certificates and independent position, and in the discharge of our duties in various capacities, although personally they do not retain us or remunerate us: they include all shareholders of companies and creditors of companies in liquidation, or creditors of firms or individuals in bankruptcy. In the case of our Indirect Clients, we act for a class or a group with common interests, which it is our duty to protect.

### 2.—WHAT DOES THE PUBLIC REQUIRE AND EXPECT OF THE ACCOUNTANT?

Accepting my definition of the public, I will now inquire what the public require and expect of the Accountant?

#### (a) Indirect Clients.

(i) *Shareholders.*—As our Indirect Clients are the more numerous class, I will consider them first.

The fact that our Indirect Clients are so numerous makes it difficult to ascertain precisely their requirements and expectations. Therefore, to a limited extent, these are defined by statute. I am thinking particularly of shareholders in companies. Another difficulty is that this group, by reason of its size and the fact that its members are scattered all over the country, appears to take but little interest in its affairs. I can say this much with certainty, however, that if shareholders receive substantial dividends accompanied

by a sustained rise in the value of their shares, their requirements are largely met. The apathy of shareholders is proverbial, and, generally speaking, it is inevitable because they are so scattered; so long as the company of which they are members is successful, or even moderately so, they see no use in attending meetings, and are prepared to leave the conduct of affairs entirely to their directors. A few days ago I noticed a report of a meeting of a large public company, which it is astonishing to find was attended by two of its directors and the solicitor to the company only. Not a single shareholder was present, with the result that the meeting had to be adjourned. Another reason for the shareholder's lethargy is that individually he has but little power. Even if he combines with other shareholders, he has not the same facilities as the directors, who have full powers and who can use the whole of the company's organisation to achieve their object, whatever it may be.

(ii) *What Shareholders expect from Auditors.*—The point I am trying to make is not that directors use their powers unwisely or unfairly, but that as soon as a shareholder has invested his money and shares have been allotted or transferred to him, for all practical purposes he loses control of that money. In these circumstances he looks to the auditors of the company, whom he appoints at the annual general meeting, to protect him and to exercise their independence in the interests of the shareholders as a whole. The shareholder, potential or actual, requires that the auditors shall be absolutely impartial and independent, and that they shall report to him, and his fellow shareholders, upon the position exactly as they find it. He does not expect them to be guided by the opinion of the directors as to what is likely to happen in the future, but to certify the facts exactly as they appear to them at the date of the balance-sheet, taking into account subsequent events, only in so far as they are necessary for a true valuation of the assets and the liabilities of the balance-sheet which they are auditing.

The law says that each limited company must have an auditor, but it does not define what qualifications are necessary for that auditor. In practice this omission is not so serious, because there are very few companies of any importance which have as their auditors other than fully-qualified accountants, who are either Chartered or Incorporated Accountants. Appointed for the purposes I have indicated, the auditor's duties and responsibilities are extremely onerous, though perhaps this is not apparent to shareholders as long as the company is successful; but if the affairs of the company go wrong, then the first person to be blamed by the shareholders is the auditor for failing to protect their interests and for not informing them of the disaster before it has overtaken them. The shareholder, therefore, expects that the auditor or accountant shall be a watchdog on his behalf. He also believes that the auditor will use his best endeavours with the directors, so that the balance-sheet, to be presented to him and his fellow shareholders, shall afford as full information as possible, provided the information given is not inconsistent with full and adequate protection to the business of the company, so far as competitors are concerned.

(iii) *Balance Sheets.*—With regard to the statement of balance-sheets, we are glad to see that the Company Law Amendment Committee in their report have made important recommendations concerning preliminary expenses, goodwill, secured liabilities, loans to directors and other officers, and investments in, and loans to subsidiary companies, which recommendations are embodied in the new Companies Bill now before the Houses of Parliament. I will deal further with this question later on.

(iv) *Prospectuses and Offers for Sale.*—On the subject of prospectuses, offers for sale and the like, much could be written, but, briefly, the potential shareholder studies carefully the accountant's certificate, and he expects that certificate to be absolutely true. In my opinion, the investor places implicit trust in it, and I think rightly so. Consequently the accountant must be assured that the certificate only records concrete facts which he can justify. The public does not wish anything left to inference in it, neither should a certificate contain any expression of opinion nor any estimate of future profits. In some cases in the past certificates have stated only the average profits for the past three or five years (which is often a subterfuge for hiding declining profits or actual losses), and even estimates of future profits. Certificates of this kind do not redound to the credit of the profession and are not required by the public.

The Companies Bill now before Parliament contains a Clause which provides that certain particulars must be stated in a prospectus. Clause 28 (1) (ii) p. reads as follows:—

If the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in the purchase of any business, a report by the auditors of the purchasing company or by accountants specially appointed for the purpose by the purchasing company or by the auditors of the business it is proposed to purchase upon the profits of the business in respect of each of the three financial years immediately preceding the issue of the prospectus.

If the earning capacity of a business is of a fluctuating nature the potential shareholder wishes to know it, and in my view he ought to know it. After this recommendation, my opinion is that very few, if any, prospectuses or offers for sale will in future contain certificates showing average profits.

The first directors of a company, who are often its promoters, are naturally anxious to make the best possible showing of the past results of the business which is the subject matter of the sale, but the public requires that the accountants shall exercise their independence and state the facts and figures clearly. As to the future of the company, the public forms its opinion from the past results of the business, by the personnel of the board and by an estimate of the ability of the directors to justify the prospects indicated in other parts of the prospectus or offer for sale.

(v) *Creditors in Liquidation and Bankruptcy.*—The last section of the group, defined as "Indirect Clients" to which I shall refer are the creditors of a company, firm or individual, who are sufficiently protected if the business is carried on properly and successfully, but who, in cases of liquidations or bankruptcy, become our "Direct Clients." In that event their requirements can be stated very simply and briefly. They are that the accountant entrusted with the liquidation or bankruptcy shall collect and realise the assets as speedily and as economically as possible, commensurate with efficiency, and make the largest possible distribution by way of dividend with the least delay.

(vi) *Banks.*—There is another matter which deserves attention, and that is when a company or firm (our direct clients) requires advances from its bankers or some other potential lender, who may become our indirect clients. In this case the accountant is often requested, inferentially or otherwise, to show as good a statement as possible, but at the same time the potential creditor has certain rights, and he is properly entitled to rely upon our certified statement as true and correct in every particular. In cases like these the accountant must be fearlessly independent.

#### (b) *Direct Clients.*

(i) *What Business Men expect of Accountants.*—The other group comprises our "Direct Clients," and, generally speaking, these instruct us as to their requirements, whether as auditors pure and simple, or as accountants, financial advisers, or in some other capacity.

I wanted, however, to find out exactly what a client expects from his accountant, apart from the definite instructions, which are sometimes given verbally, sometimes in writing, and sometimes very generally. I therefore took the opportunity, when I was seeing a successful business man the other day, to mention this paper, and to ask him to let me know, if he would, at what stages in the course of his various business dealings he requires an accountant, and what he expects of him. He very kindly wrote me a letter and, with his permission, I am going to refer to its contents extensively, because I think it sets out very concisely, and much more clearly than I can, what a great many of our clients really expect of us as highly skilled professional accountants.

He says, if my purpose in reading this paper is to lay down definite principles, and formulate a policy and scheme which would make clear and regulate for general acceptance the relations between an accountant and his client, then he feels that he can be of little use. He considers that the tendency with all trade and professional associations is to imitate the habits of the Government department and the manners of the bureaucrat, and to imagine that life is a simple thing which can be reduced to a form and ordered perfectly by rule and regulation. On the other hand, he agrees with me that, as my paper is merely to initiate a discussion out of which we can gather some points that may be useful to us in our individual study of this complicated question, then perhaps his line of thought may be of some interest. My friend says he flatters himself that he has no time, but, it may really be, he thinks, that he is too lazy to work up any real interest in the technical aspects of the many professions upon which he relies for various forms of service. It has always been a rule with him on technical matters to seek advice upon which he thinks he can rely, and to follow it implicitly. He has never made the least endeavour to understand the technicalities upon which professional advice is given him. As he explains, he goes to his doctor, tells him his troubles and does exactly what he is told. He declines to hear about the peculiarities of his various organs, because he is sure that any conclusions that he formed about them, based upon insufficient technical knowledge, would be wrong, or at least dangerous. He approaches his architect or solicitor in the same frame of mind, and if he wants to buy or sell a piece of land he tells his solicitor of his intention, discusses the wisdom or otherwise of the proposed deal, but does not trouble himself about the contracts, the abstracts, the conveyances and assignments and all the other mysterious things which he says he is not qualified to understand.

He deals in the same way with his accountant, although he professes to know something about business (and I can assure you that he does). He considers himself to be a pretty good judge of a profit or a loss, and although he believes himself to know whether a piece of business is worth doing or not, he confesses that he remains to this day ignorant of the mysteries of a balance-sheet. When, on occasions, he has dipped into the process of making a balance-sheet, which he terms an extraordinary one, he always comes to the conclusion that most of the figures are on the wrong side of the sheet. He is never quite clear whether the Dr. and the Cr. which appear on the top of the left and right hand ledger pages mean "debtor" and "creditor" or "debit" and "credit," and he really does not care very much.



(ii) *The Relations of the Accountant and his Client.*—

What, then, are the factors which govern his relation with his accountant? First of all he wants a man who is perfectly safe and competent on the technical side, and he can only be sure of this by the old fashioned method of trial and error. He has to find out. Then he wants a man who, while being technically competent, will not give more than a proper importance to technicalities. It is, for instance, desirable that books should balance; it is essential that the books which concern cash should account for every penny of cash; it is necessary that debtors should pay exactly what they owe, and that creditors should receive exactly what is due to them. His auditor must therefore assure him that in these respects his books are perfectly accurate. But the business man does not want the arts of accountancy practised at his expense, chasing some theoretical perfection, which will make or lose him nothing. In recent years his accountant has had to shoulder complete responsibility for taxation questions, because taxation has become a scientific imposition, altogether beyond the powers of understanding of the average "victim." He has therefore reached the position where he simply pays what his accountant tells him to pay, and spares his energies for making, or trying to make, the money.

All this might lead to the totally erroneous conclusion that, so far as he is concerned, one accountant or one lawyer is as good as another, just as any plumber who can wipe a joint properly is, for his purpose, quite as good as any other plumber. Any such conclusion would be woefully wrong. He chooses his professional assistance of all kinds from personal reasons. Given technical perfection, which is, of course, essential and which he claims is fairly easy, he wants balance, judgment, common sense, human kindness, and a good many other similar and intangible qualities, all of which are much more difficult. He wants these not only because he likes to be surrounded with pleasant and agreeable people, but because they are essential to a successful business undertaking. He supposes that for every ten minutes that his accountant and he devote to the study or discussion of his accounts, they devote at least an hour to the study and discussion of those bigger business problems of which the accounts are, after all, only a reflection—the wisdom of developing in one direction or curtailing in another; the suitability of this or that man for this or that job; the trend of trade; the character of the market, and everything upon which business success depends. These things can only be discussed with one's own intimate professional advisers, because they have the knowledge of one's affairs which qualifies them to express opinions, and they have, in addition, the knowledge of the intimate business affairs of a great many other people, which gives to their opinion great authority and value. At least, he assumes that his accountant has an intimate knowledge of the business affairs of many other people than himself, and on that assumption he attaches great importance to his views. He says it is pure assumption in his case, because he has never known his accountant utter a syllable to him about anybody else's business, and that is one of the many reasons why he trusts him with the secrets of his own.

Those are the requirements of a successful business man.

## 3.—WHAT IS THE ACCOUNTANT PREPARED AND ABLE TO GIVE THE PUBLIC?

Now that I have endeavoured to indicate in a general way what are the requirements and expectations of the public from the accountancy profession, I will endeavour to deal with the second part of my paper and show, as far as I can, what the accountant is able and prepared to give his clients, both direct and indirect.

(a) *The Early Work of the Accountancy Profession.*

Accountancy first emerged as an organised profession somewhere about 1854, when the Society of Accountants in Edinburgh received its Charter. The petition for the grant of this Charter indicates the character of professional accountancy as it was then understood. It may be summarised as the application of the general principles of law to business practice, particularly in regard to insolvency and bankruptcy and the treatment of matters of accounting in the Scottish Courts. The early work of professional accountants was therefore largely concerned with quasi-legal matters. Although extended somewhat when the profession was first organised in England, about the time of the formation of the Institute of Chartered Accountants and the Society of Incorporated Accountants and Auditors, the work of an accountant still related very closely to matters of this kind. In particular it appeared necessary to establish a profession consisting of qualified persons of *repute*, to whom could be entrusted with confidence the duties of trustees in bankruptcy under the old Bankruptcy Act of 1869. There were, of course, other duties that the accountant of those days had to perform, but the practice of accountancy at that time differed substantially in form and degree from our present work.

(b) *Evolution of the Chartered and Incorporated Accountant.*

During the latter half of last century, commerce and industry in Great Britain expanded very rapidly, and with this expansion there emerged gradually, but certainly, a new technique to understand and carry out which a specially qualified class of persons was required. The formation of the various bodies of accountants was a response to this definite demand. A substantial part of this new technique arose in connection with the Joint Stock Company with limited liability, which came into being under the provisions of the Companies Act of 1867.

By the Companies Act of 1900 the appointment of auditors by the shareholders of all companies was made compulsory, and a further extension of the control of business by companies was made in 1908, when private limited companies were first permitted. Following this last Act, a large number of concerns were endowed with limited liability but without the full responsibilities to which public companies were subject. Law and order in industrial and commercial affairs were further promoted by the Partnership Act of 1890 and other legislation, all of which affected the work of the profession.

I have briefly surveyed the course of events during the last 50 or 60 years, because the growth of the accountancy profession has been in response to the definite demand for skilled accountants, first of all in a quasi-legal degree, as in Scotland, and later in relation to all branches of commerce and industry. The necessity for the properly qualified accountant has arisen quite naturally, and, in my opinion, this gradual growth of the profession has been a great source of strength to it. As a result, it has been possible to set up and maintain a well recognised and *high standard* of professional qualification and conduct through the bodies of Chartered Accountants and the Society of Incorporated Accountants and Auditors; also to control the members of the profession, where necessary, by action on the part of the Disciplinary Committees of those bodies.

(c) *The Technical Qualifications and Independence of the Chartered and Incorporated Accountant.*

Although various Acts of Parliament have prescribed that auditors are necessary and shall be appointed, except very generally the duties of those auditors have never been defined, and the independence of the accountant has thereby been assured. He is not bound to any considerable extent by rules



and regulations, which would hamper him in the performance of his duties. As we well know, to become fully qualified and entitled to call ourselves either Chartered or Incorporated Accountants we have to undergo a rigorous training in order to become perfectly safe and competent on the technical side of things. I do not agree with the suggestion of my friend (to whom I previously referred) that this technical perfection is fairly easy; on the contrary, it takes some years to acquire it thoroughly. Can it be that, having met a number of accountants and having been impressed with their grip and their knowledge, he has concluded (I think somewhat erroneously) that their technical equipment is fairly easy to obtain?

After having given proper attention to that technical perfection at which we all aim, another important quality is sound common sense, so that in dealing with our clients and their affairs we can look at their business problems from a business standpoint. The demands of the public made upon the accountant, which I have endeavoured to outline in the first portion of this paper, may appear to require super-men or heaven-sent geniuses, but so long as the accountant realises his true functions and that he is not an expert in every kind of business, then I think he can fulfil the requirements of the public.

(d) *The Work of the Accountant at the Present Time.*

In order to indicate particularly what accountants are able to give the public, I will refer briefly to the various duties they perform in the course of daily practice, and in doing so, you will naturally understand that to go into this side of the paper at any great length would be impossible. I shall therefore only touch upon a few points, which I hope will leave plenty of other points for discussion.

I am assuming that the qualified accountant, by his training and the examinations he has passed in various accountancy and legal subjects, is well qualified on the technical side. It is required, however, that he will keep that technical side of things up-to-date so that he may be fully conversant with modern practice and all legal questions affecting accountancy. In this connection the *Accountant*, which is published each week, and the *Incorporated Accountants' Journal*, which is published monthly, are of considerable assistance to us, and if I may say so, both these journals are conducted in a very efficient and able manner.

(i) *Auditors of Companies.*—The accountant's duties as an auditor to a limited company are so well known to us that it is scarcely necessary to refer to that part of his work, but I would like to draw attention to a recent controversy in regard to a certificate to a balance-sheet, which was qualified. The certificate was in the usual form but contained the words "subject to valuation of investments." In this certificate the auditors adopted a negative attitude instead of a positive one. I feel bound to say that the public look to auditors to take a *positive attitude* in framing their reports on balance-sheets, and to be as explicit as possible. It is far better surely for the auditors, if they are not satisfied with the value of any particular asset, to say so definitely, without leaving the shareholder to draw his own conclusions, which may or may not be right.

It will be realised our position in cases of difficulty is both delicate and onerous. On the one hand we cannot permit the suppression or concealment of any unsatisfactory facts in regard to a company which shareholders ought to know. On the other, to issue a certificate, commenting adversely on the balance-sheet of the directors, may very seriously jeopardise the interests of the company. Our duty is to see that the

balance-sheet is a full and fair statement to which we can honourably attach a certificate without reservation or comment. In certain circumstances such a balance-sheet may give rise to inconvenient questions by shareholders, but that is a more satisfactory course than a doubtful balance-sheet, accompanied by a report containing adverse comments by the auditors.

When it comes to prospectuses and offers for sale, the accountant by reason of his training is in a position in a comparatively short time to investigate thoroughly the accounts for the past few years of the business which is being offered, and to report the result of his investigation to the clients who have instructed him. He will no doubt have been asked to ascertain the exact profits of the business for the past three or five years, and if the business has been sufficiently successful he will be asked to frame a certificate for publication in a prospectus. In this certificate he will of course refer to concrete facts, and, in my opinion, as I have said before, he should never certify average profits, because the public does not wish it. It is perfectly true that he is instructed by the promoters of the business, but his real clients are those people who are asked to subscribe to the issue, and therefore these are the people he has to consider.

(ii) *Investigations and Periodical Reports.*—Another feature of our professional work is the investigation of the accounts of various businesses for different purposes. It may be that our clients wish to purchase a business, and have agreed to buy, subject to their accountants' report. On the other hand, it may be that certain large creditors of a business are anxious about the position and, with the consent of their debtors, have instructed their accountants to report upon the position. There are other reasons for which a business may have to be investigated. In all these cases we are able to make our investigation effective as a result of our technical knowledge and general experience, and if we exercise sound common sense in drafting our report it should be a very useful document to the clients who have instructed us.

I always think it may seem that the accountant has very little to show for the work he has done. Although he may have been engaged upon an investigation for a lengthy period, or have carried out regular periodical work, the result is summarised in a terse but comprehensive report and a statement of figures. On the other hand, the accountant of to-day takes care to present his report and statement of accounts as clearly and concisely as possible; the results when leaving the office should be turned out well and be presented in an attractive manner; and furthermore, the accountant from his training should state the result of his investigation in non-technical language, and in such a manner that his client (who has not had the technical training) can understand the position readily. Our clients are not concerned with the labyrinth of facts and figures which we have analysed and collated in our final report. Too much detail would only confuse, and it is our professional judgment and our definite conclusions which are required. It is usually of great assistance to our clients to be supplied with comparative figures so that they can draw comparisons from previous years, and this is often done.

(iii) *Taxation Work.*—A large amount of the time of an accountant who is in general practice to-day is taken up with taxation, and, in fact, ever since 1914 the accountant has had to become an expert on this subject. Happily for our clients the days of excess profits duty are nearly over, although a few belated inquiries are still under investigation; but the high income tax and super tax still remain, with a natural result that the taxpayer is most anxious not to pay on more profit than he has earned, and the Inland Revenue, for their

part, are anxious to collect the tax on every pound of profit that has been made. To assist the taxpayer, therefore, the accountant has to study the Finance Bill when it comes out, to be followed by the Finance Act, and, in the meanwhile, a study of the discussions in the House of Commons is valuable.

In addition to this we have to keep abreast of the times by studying all the cases which are brought before the Courts relating to taxation, so that when the opportunity offers we may obtain for our clients all the relief to which they are entitled. I can say definitely that we are able to assist materially, in this very vexed question, both our clients and the Inspectors of Taxes, who are the representatives of the Board of Inland Revenue, as a result of the knowledge gained through years of experience and constant study.

In this connection I should like to say that it has been my happy experience to have received the greatest possible courtesy and assistance from the various Inspectors with whom I have had to deal. I find in any difficult case that, after studying the facts and the position very carefully, it is far better in the interests of my client to go and talk the matter over in a friendly way with the Inspector of Taxes than to enter into interminable correspondence. There is, of course, a certain amount of correspondence which is necessary, and at times the number of questions asked appears to be longer than usual, and, to a certain extent, unnecessary. I generally find these are mostly of a stereotyped nature and can be very quickly answered. Therefore I would like to pay my tribute to the courtesy and assistance of a class of officials, who are very often disliked without any just cause and, in some cases, without having been seen. I should be sorry if any of my clients who read this paper were to think that by saying this I am always in agreement with the Revenue, because such is not the case, and I think we may say as a body that we always claim for our clients all to which we consider they are entitled. We are able to exercise a fearless independence and at the same time to be of material use to our clients and the Revenue.

(iv) *Miscellaneous Duties of Incorporated Accountants.*—By reason of our particular range of knowledge and experience, we are often called upon to act as directors of companies, both public and private, and I think that we can very often perform useful service for the company which desires to appoint us. We have a skilled knowledge of accountancy, of finance, taxation, company procedure, company meetings, and there are many questions which can be answered by a qualified accountant on the board. At the same time, I think we are of more use to the company if we realise our deficiencies and do not jump to the conclusion that, because we are invited to join the board of any particular company, we are able to manage all kinds and any kind of business.

Now there are many other phases of an accountant's business which I could touch upon to-day, such as bankruptcies, liquidations, trusteeships, advising upon costing, and the like, but as it would be impossible to treat them adequately I would prefer to leave them to be dealt with in the discussion.

#### (e) *The Personal Factor.*

There is, however, one aspect of an accountant's practice which I should like to emphasise and which has already been referred to. The professional accountant, by reason of his intimate knowledge of other men's affairs, without in any way acting contrary to their individual interests, can often be of material assistance to clients in regard to their businesses. I would instance the introduction of new methods of accountancy, labour-saving devices, finance, new methods of costing, and in many ways which are too numerous to

mention, and he can do all this without disclosing to any of his clients that he is acting for men in a similar kind of business. It is absolutely essential that the accountant should keep his own counsel, because by so doing he serves the interests of *all* his clients and at the same time can be of particular use to each one of them. He can then maintain that friendly intangible interest in their affairs, which the public seems to require and which is a great asset to him in his practice. In conclusion, it seems to me that the accountant, to serve the public faithfully and well, must have all those qualities, together with high technical knowledge and experience, which are bound up in one word "personality"—a most difficult word to define. But if the skilled Incorporated Accountant is endowed with personality and character, then he can successfully serve the public in whatever way he is called upon.

#### 4.—WHAT ARE THE PUBLIC DUTIES OF ACCOUNTANTS, AND HOW DO THESE DUTIES ARISE?

I have already referred by inference to certain duties of a public character which fall upon the accountant. There is, however, one particular group of public responsibilities with which I would like to deal specifically, and they relate to the duties which fall to us as *auditors* of companies. This question is a topical one at the present time, because a new Companies Bill is now before Parliament and has already passed the House of Lords. This Bill was based upon the recommendations of a Committee set up by the President of the Board of Trade to consider what amendments were desirable in the Companies Acts, 1908 to 1917, before which evidence was given on behalf of the Society.

##### (a) *The New Companies Bill.*

The question I want to put is: Do the provisions of the new Bill enable auditors to carry out adequately what they believe to be their proper duty to the investing public?

In the first place I would draw attention to certain points which I regard as fundamental in a discussion of this question:—

(i) The Companies Committee stated in their report, "We are of opinion that in general the law as it stands with regard to the powers and duties of auditors is satisfactory. It would be a mistake in our view to attempt further to define these by statute, having regard to the multifarious circumstances which in practice arise. It appears to us far better that the law should retain its elasticity in this respect than that an attempt should be made to confine it within the bounds of a rigid formula. Cases in which auditors fall below the level of their duty are few and far between."

(ii) Auditors cannot make themselves *entirely* responsible for the value placed upon certain assets and liabilities.

(iii) On the other hand, their moral position and the professional checks which they employ ensure, as far as possible, that the statement of balance-sheets is correct, and enables the auditors to give substantial protection to shareholders.

(iv) The balance-sheet is the balance-sheet of the directors, and the duty of the auditors is to make their report upon it.

Now as regards the position of auditors and the statement of balance-sheets, the new Companies Bill does make some changes. It cannot be contended that these changes are far reaching. We know the tendency in this country is for commercial legislation not to impose too many detailed regulations, but to give a certain elasticity and to place, as

far as possible, a moral responsibility upon the particular people concerned—in the case of companies, upon the directors, officers of the company, and auditors. There are many in the profession, however, who would feel that the provisions of the Companies Bill might go somewhat further than they do to place the auditor in a stronger position and to afford more information to shareholders. I will deal with a few questions that have arisen.

(b) *Do Balance Sheets and Profit and Loss Accounts give Sufficient Information?*

(i) The Bill provides for the first time that a balance-sheet shall be drawn up in each year and circulated to the shareholders in advance of the general meeting; also that a profit and loss account shall be prepared and laid before the company in general meeting. So far as I can see, the directors are not obliged to circulate the profit and loss account in advance of the meeting.

(ii) As regards the statement of a balance-sheet, it is provided in the Bill that the following items shall be shown:—

A summary of the share capital.

Liabilities and assets, with such particulars as are necessary to disclose the general nature of the liability and the assets, and to explain how the values of the fixed assets have been arrived at.

Preliminary expenses and goodwill under separate headings.

Any liability of the company secured upon assets of the company.

The aggregate of shares held in and loans to or from subsidiary companies.

Where the company is a holding company, a statement showing how the aggregate profits and losses of subsidiary companies have been dealt with.

(iii) An objection is often raised to giving too much information in balance-sheets and profit and loss accounts, on the ground that such information might be valuable to competitors and prejudicial to the business of the company. Now I think some of us consider that that argument can be pressed too far.

(iv) I find, on reference to the evidence tendered by Mr. G. S. Pitt, on behalf of the Society of Incorporated Accountants and Auditors, to the Companies Committee, that he submitted there should be a statutory obligation upon public companies to issue to shareholders each year a balance-sheet showing assets and liabilities set out under certain well recognised headings. Perhaps some exception might be taken to the details which were proposed. But on the whole, I am of opinion that a balance-sheet on the lines suggested by Mr. Pitt would give the shareholders substantially more information than they usually receive at present and would not lend itself to the objection that so much information was being given as to be prejudicial to the company. The evidence in support of this proposal referred to the increasing tendency for the information given in balance-sheets of companies to be attenuated and suggested that the adoption of the proposal would give elasticity and provide proper safeguards.

(v) Personally, I regret that further provision is not made for the statement of profit and loss accounts. I know that these profit and loss accounts are usually circulated with the balance-sheets of companies, but the information given is often in such a summarised form that shareholders can draw but few conclusions from the accounts.

(vi) My conclusion is, therefore, that while I welcome the additional proposals contained in the new Companies Bill as regards balance-sheets and profit and loss accounts, I think that, with advantage to shareholders and investors, the statutory information to be given them might have been extended somewhat further.

Although shareholders are somewhat apathetic in these matters, the amount of information they receive sometimes is hardly calculated to stimulate their interest. Were they afforded further information, it is conceivable that greater interest would be taken by shareholders in the affairs of companies in which they have invested. Moreover, we must remember that the public in making investments, to a certain extent rely upon the advice of their stockbrokers and of the editors of the financial papers, both of whom desire to be placed in possession of adequate information in regard to the shares of companies upon which they feel called to give an opinion.

(c) *The Issue of Shares at Discount.*

For the first time the issue of shares at a discount is authorised by the Bill, subject to certain safeguards, regard being had to the market price of the other shares of the company at the time. Provision is made for the determination of market price, and if less than five transfers of shares have been registered during a period of one month (terminating three weeks before the date of the prospectus), then the auditors of a company must certify what they regard as the fair value of the shares, having regard to the financial position of the company and to any other information and explanations given to them. It will be seen that this provision places a considerable responsibility upon the auditors, but one which, we can agree, they may fairly be called upon to discharge.

(d) *Liability of Auditors.*

As regards the liability of auditors, the new Act makes void any provisions in the Articles of a company or otherwise for indemnifying an auditor against any liability in respect of negligence, default, breach of duty or breach of trust, but at the same time the power of the Court to grant relief, afforded to directors, also applies to auditors. I know that some of my professional brethren consider that this clause places upon auditors an enormous responsibility and would involve them in a heavy liability for any mistake, even though considerably short of wilful default. But I think the general belief is that, while a clause of this kind undoubtedly increases our responsibilities, its effect will be salutary and will increase the confidence of the public in our work.

The responsibility of liquidators, auditors and receivers is regarded as personal, and this is recognised by the Bill, as it is provided that *no body corporate* shall in future be qualified to act as liquidator, auditor or receiver of the property of a company. This gives legislative effect to long established practice.

(e) *Voluntary Liquidation.*

As regards voluntary liquidation, the procedure is altered considerably by the new Bill. Greater power is given to creditors in a voluntary winding-up, unless two of the directors of the company have made a statutory declaration that they are of opinion the company will be able to pay its debts in full within a period not exceeding twelve months from the commencement of the liquidation. This period was originally drafted as six months, but an amendment was moved on behalf of the Society to extend this period and was accepted. It was felt it was impossible for directors to give a satisfactory opinion as to the anticipated financial position of the company as it would be after the company had been in liquidation for only six months.



The general effect of this clause will practically remove the appointment of liquidator from the shareholders to the creditors. I think, as a profession, we regret this change, because in our view Clause 188 of the Act of 1908 has worked well in practice, despite some minor abuse. On the other hand, we must admit that as a matter of principle the assets of a company which cannot pay its debts in full really belong to the creditors of a company. Our objection to the new procedure is that we feel it may place the appointment of liquidators to a large extent in the hands of associations and certain individuals, and lend itself to opportunities for the revival of practices which the Institute and Society put down with a firm hand, and which at one time were of a rather deplorable character.

In conclusion, I hope this paper has indicated in outline the relations of accountants to the public, and if we Incorporated Accountants serve the public faithfully and efficiently, with fearless independence, we shall find plenty of scope for the exercise of those technical qualities which we gain by a rigorous training and education, and which continue so long as we are in practice.

#### Discussion on "The Accountant and the Public."

Mr. HENRY MORGAN, Vice-President, who opened the discussion, said the profession of accountancy was one that was essentially British in its origin and development. Abroad, the organisation of accountancy as a profession was not understood as it was in this country, not even in highly industrialised countries like the United States and Germany, where accountancy as a science had reached a very high standard. Some years ago he had a conversation with a prominent accountant in New York who admitted to him that the standing of the average professional accountant in his own country was much lower than in this country, and that the certificates of American accountants did not carry the same measure of public confidence. He further told him that in America the accountant was almost invariably an advocate for his principal, and was not imbued with the same sense of responsibility as the English accountant. There was one respect in which the profession of the accountant differed from the other professions. The responsibility of the lawyer or the medical practitioner was to his client or his patient. The responsibility of the accountant was certainly to his client, but it was also to the general public; it was of a dual character, because he had to give certificates which could be accepted, and were intended to be accepted by third parties. Such responsibilities fell upon them when certifying the profits of an undertaking in a prospectus, or reporting upon the audit of a company's accounts, or even when preparing accounts for the purposes of assessing taxation. That being so, it was absolutely necessary that the accountant should be impartial and independent, and it was this spirit of impartiality and independence which it was the aim of the Institute and the Incorporated Society to instil. (Applause.)

Mr. A. CHADWICK (Bury), Vice-President of the Manchester and District Society, commenting on the ever widening scope of the accountant's practice, said the need was growing for more intensive training and for constant alertness on the part of the profession generally. The law did not closely define what an accountant should do, nor did the public assist very much by indicating what they expected of the accountant. What they ought to do, therefore, was left to accountants themselves to decide, and therein lay the need for a very high standard of professional efficiency and honour. To show the need for constant alertness on the part of the practising accountant,

he would remind them that the new Companies Bill contained a section which precluded a company, directly or indirectly, from giving a loan or financial assistance for the purchase of its own shares, except to its employees. That was a new matter for accountants to watch. Then, for the first time, in the Companies Bill an attempt was made to define the books which must be kept, or the type of record for which books must be kept. There were also interesting provisions regarding holding companies, particularly relating to the disclosure of certain information in holding companies' balance-sheets; also the treatment of the profits and losses of subsidiaries. Such provisions as these illustrated the ever widening responsibilities of the accountant.

Mr. C. H. WELLS, President of the Sheffield and District Society, said it was a fact that frequently, during the process of converting a trading profit into an assessable profit, the Inspectors of Taxes relied more and more not only upon the accuracy of the accountants' figures, but also upon the accountants' frankness in laying before them all essential information, when controversial points arose. Mutual confidence was being established, with the result that their clients were getting accurate, fair and more expeditious assessments. Increasingly he had heard appreciation expressed by tax inspectors of the fact that they were dealing directly with professional experts rather than with amateurs who from one cause or another did not always give the full material facts. Thus the accountant, whilst serving his client directly, also indirectly assisted the Government and the large body of the public, which always pays in the long run, for delay and inefficiency. The full extent of an accountant's services could not be completely explored in a single paper. Thus Mr. Elliott had not had time to deal with consulting work in connection with the flotation and financing of limited liability companies, the treatment of goodwill, the adjustment of priorities and proportionate returns to different classes of shareholders, the treatment of employees' shares in connection with co-partnership schemes, the remuneration of directors, and so on. The value of the paper, however, lay in the ideals suggested by the broad principles so ably set forth, which should guide the profession.

Mr. A. H. WALKER, Dublin, President of the Irish Branch, said he thought Mr. Elliott's division of the accountants' clients into two classes—direct and indirect clients—was a very happy thought. He had a fear that they were sometimes too much obsessed with what he might call taxation matters, to the deflection of their minds from the important and essential concern of actual trading results. They all knew the client who at the beginning of an audit said: "I have done so and so this year. How will that affect me for income tax purposes?" Personally, he liked to concentrate on getting at actual trading results and preparing balance-sheets on a proper basis, leaving taxation questions to come along afterwards.

Mr. S. M. RIX, Incorporated Accountant (Manchester), said accountants could give great assistance in the matter of costing. Managers of businesses had often introduced costing systems without the advice of professional accountants, only to find that the results were not what they expected because the systems were devised to give costs of particular items but did not afford general guidance in the direction of the business. He would like to suggest that younger members of the Society should specialise in the matter of costing. Costing was creative work, and necessarily some accountants' work was not exactly creative. Sir Josiah Stamp had suggested that it would be a great advantage if costs could be interchanged between different businesses in a particular

industry. There was one industry in which that had been done. He was referring to the electricity supply industry. For many years the costs of running power stations and providing distribution mains had been worked out and stated in certain forms, and published so that they all knew what each other's costs were. He did not know that anything had been lost by giving competitors information on such subjects. The value of some very important items of a balance-sheet could be more accurately ascertained, if costing systems were in operation. "Work in progress" and "stock in trade" were very important items in a balance-sheet, and he was afraid that in some cases these were only estimated and not representations of actual fact. A costing system would enable an auditor to check these items. He was afraid that in some respects auditors did not always treat the costing departments with the consideration they deserved.

Mr. NORMAN BOOTH, Incorporated Accountant (Belfast), said that large companies were now making the strong point of having an economist or an accountant on their boards of directors. Personally, he thought that was a very wise method to adopt. It had been known for accountants to retire after serving on the boards of public companies, and the public had, on that account, reason to believe that the policy of those companies had not been approved of by them. On a board of directors accountants will bring into play that skill and integrity which was so necessary in the discharge of the functions of their own profession, and the shareholders would be the gainers thereby.

Mr. J. PEARSON GRIFFITHS (Cardiff), President of the South Wales and Monmouthshire Society, said that Incorporated Accountants were considered to be experts in their profession, and it should be their aim to live up to the description, and to make the name of Incorporated Accountant synonymous with perfect service. With regard to Inland Revenue officials, he wished to say his experience was that in the main they were perfectly courteous and reasonable. There were, of course, exceptions, but no doubt there had even occasionally been unreasonable Incorporated Accountants. On the subject of taxation, he wished to say that there existed anomalies in the law which were contrary to the inherent principles of British justice. Take, for example, the case of a company which happened to have a fair cash reserve on which it might be receiving deposit interest. If such a company made a trading loss, it was nevertheless called upon to pay tax upon that deposit interest, there being no right of set-off. It was true that a claim might lie under sect. 34, but that was a cumbersome way of dealing with what ought to be a simple matter. But there was a much more glaring instance than that, and it was in regard to sect. 21 of the Act of 1922, and the additions that were made to that section by the Finance Act of last year. He would like, if in order, to suggest that a resolution should be sent from this Conference to the Chancellor of the Exchequer to the effect that the Revenue officials concerned with cases under the section should be instructed that, before any notice of direction and apportionment was made under the section, there must first be a conference with the taxpayer sought to be taxed, at which conference could be discussed what, in the circumstances of the case, could be deemed to be a reasonable distribution or retention of profit. It was monstrous that

any official—however fairminded he might be—should have the power of deciding whether or not a company could have paid a dividend, or a larger dividend, as the case might be. Concluding, the speaker said he would like to see the functions of the Parliamentary Committee of the Society extended from those of a critical or destructive character to those of a constructive nature, so that it might, with the influence of the Society behind it, be in a position to make representations from time to time to the Chancellor of the Exchequer for the time being with a view to the removal of anomalies, and the amelioration of hardships. No one could possibly be better placed than the accountant to see the exact bearing of taxation legislation, and its effect on the business community, and if we could report to our Committee any anomalies or hardships that come under our notice, and that Committee were empowered to take the initiative in approaching the revenue, with all the weight of authority of the Society behind it, in regard to such anomalies, much would be gained.

Mr. A. E. PUGH, Incorporated Accountant (Newport, Mon.), said that he believed accountants could render very valuable service to the community at the present time, when the relations of capital and labour, between employer and employed, were causing so much trouble. No body of men knew so much of the facts concerning industry and commerce as accountants. Here was a mission for accountants—of showing each the other side. Of course, accountants would have to be trusted by both sides, and whether they were so trusted would depend very largely upon their independence and impartiality.

Sir CHARLES WILSON, M.P., speaking on behalf of the Parliamentary Committee, said no member need be afraid of suggesting anything he wished to the Parliamentary Committee. If he did so and the suggestion was turned down, they could be sure that the reason for turning it down was good.

Mr. A. H. EDWARDS, Incorporated Accountant (Dorchester), said that the question of the qualifications of auditors for municipal bodies, and the question of the discharge of a liquidator appointed in a voluntary liquidation where liquidation was afterwards rescinded by the Court, were both questions that the Parliamentary Committee might consider with advantage.

Mr. F. J. WARREN, Incorporated Accountant (Haverfordwest), said in his experience the requirements of the Inland Revenue officials were becoming so numerous and exacting that public practice was very difficult, especially in some districts. He asked if the Council could not do something in this matter. Could there not be a private conference on the subject? A great deal had been done in this matter in the past, and it was necessary that all possible influence should be brought to bear to secure some remedy.

Sir CHARLES WILSON said the Parliamentary Committee had sat hours to consider the question of voluntary liquidation. Some of their recommendations had been adopted, and some had not. The new procedure, which they did not all like, would have to be further studied in the light of experience. He did not know whether Mr. Edwards' suggestion about the qualifications of municipal auditors applied to elective

auditors, but he would say that there was no chance of getting the Act altered. If Mr. Edwards was referring to professional auditors, then he could tell Mr. Edwards that the Society had been instrumental, in very many cases, in getting clauses into operation providing that auditors for municipal purposes should be qualified members of the Institute or of the Society.

This closed the discussion and Mr. Cassleton Elliott replied briefly.

### Votes of Thanks.

Before the President declared the business proceedings of the Conference at an end, the following votes of thanks were put to the members and carried with acclamation:—

1.—It was proposed by the President and seconded by Mr. George A. Marriott, President of the Manchester District Society:—

"That the members of the Society of Incorporated Accountants and Auditors desire to tender to the Right Honourable the Lord Mayor of Manchester, Alderman J. H. Swales, J.P.; and the Lady Mayoress, their sincere and hearty thanks for the generous hospitality extended to the Members and for the use of the Town Hall on the occasion of the Incorporated Accountants' Conference, held in Manchester, September 1927."

2.—On the motion of the Vice-President, seconded by Mr. Alan Standing (Liverpool):—

"That the members of the Society of Incorporated Accountants and Auditors desire to express their cordial thanks to Mr. George A. Marriott, F.S.A.A., President, Mr. A. Chadwick, F.S.A.A., Vice-President, Mr. James A. Hulme, F.S.A.A., Hon. Treasurer, and Mr. Arthur E. Piggott, F.S.A.A., Hon. Secretary of the Manchester District Society of Incorporated Accountants; also to Mr. Fred A. Pitton, F.S.A.A., Chairman, and the other members of the Reception Committee, for the arrangements made in connection with the Incorporated Accountants' Conference, Manchester, September, 1927, and for the generous hospitality extended by the Manchester District Society to the Conference."

3.—On the motion of Mr. F. Ogden Whiteley, O.B.E. (Bradford), seconded by Mr. J. Paterson Brodie (Stoke-on-Trent):—

"That the members of the Society of Incorporated Accountants and Auditors desire to tender to the President, Mr. Thomas Keens, F.S.A.A., their cordial thanks for his valuable Presidential Address and for his conduct in the chair during the Incorporated Accountants' Conference, held in Manchester, September, 1927."

4.—On the motion of Mr. James Paterson (Greenock), seconded by Mr. R. Wilson Bartlett (Newport, Mon.):—

"That a cordial vote of thanks be passed to Mr. Edward Cassleton Elliott, F.S.A.A., London, for his paper on "The Accountant and the Public," delivered to the Incorporated Accountants' Conference in Manchester, September, 1927."

### CONFERENCE DINNER.

The Conference Dinner took place in the Midland Hotel on Friday evening, September 30th. The President (Mr. Thomas Keens) and Mrs. Keens received the guests in the Alexandra Room, and a bouquet was presented to Mrs. Keens by Miss A. E. Patterson, A.S.A.A., on behalf of the Manchester members. The President occupied the chair at the Dinner, and a large number of guests and members, whose names are given below, were present.

The Lord Mayor and Lady Mayoress of Manchester (Alderman John H. Swales, J.P., and Mrs. Swales); the Right Hon. Lord Hewart of Bury (Lord Chief Justice of England); Mrs. Keens; the Right Hon. Commander Sir E. Hilton Young, G.B.E., D.S.O., D.S.C., M.P.; Sir Edwin and Lady Stockton; Mr. W. E. Thompson (President, Manchester Chamber of Commerce); Mrs. G. A. Marriott; His Worship the Mayor and the Mayoress of Salford (Alderman John and Mrs. Rothwell); Mr. Henry Morgan, F.S.A.A. (London) (Vice-President; Member of the Council); Sir Milton Sharp, Bart., and Lady Milton Sharp; Major F. B. Merriman, O.B.E., K.C., M.P. (Recorder of Wigan); Mr. F. Walmsley, J.P., F.S.A.A. (Manchester) (Past President); Mr. E. B. Fielden, M.P.; Sir Charles H. Wilson, M.P., LL.D., J.P., F.S.A.A. (Leeds) (Past President) and Lady Wilson; Sir Christopher T. Needham; Mr. G. A. Marriott, F.S.A.A. (President, Manchester and District Society); Mr. P. M. Heath (Town Clerk of Manchester); Mr. Leslie Orr (Stipendiary Magistrate); Mr. B. Mouat Jones, D.S.O., M.A. (Principal, Municipal College of Technology); Mr. Friederich Büniger (President, Verband Deutscher Bücherrevisoren) and Mrs. Büniger; Mrs. Arthur E. Piggott; Mr. E. H. Everett-Heath (Bank of England); Mr. J. Cuming Walters, M.A. (Editor, *Manchester City News*); Alderman H. Derwent Simpson, J.P.; Sir Edward Rhodes, J.P.; Mr. L. L. Samuels (President, Manchester Society of Chartered Accountants); Mr. E. Liveing (British Broadcasting Company); the Mayor of Macclesfield; the Mayor of Bury; Mr. F. Ogden Whiteley, O.B.E., F.S.A.A. (Bradford) (Member of Council), and Mrs. Whiteley; the Mayor of Oldham; Mr. William Bateson, F.S.A.A. (Blackpool) (Member of Council); the Mayor of Rochdale; Mr. G. Bradbury (Senior Inspector of Taxes); Mr. A. H. Walkey, F.S.A.A. (Dublin) (Member of Council; President of Irish Branch), and Mrs. Walkey; Mr. W. Shearer; Mr. Roger N. Carter, F.C.A.; Mr. Harold Roberts (Registrar, Palatine Court); Mr. John E. Bray (City Treasurer of Manchester) and Mrs. Bray; Mr. C. Garratt-Holden (Institute of Municipal Treasurers and Accountants); Mr. J. W. Clough (City Treasurer of Salford); Mr. E. Raymond Streat (Secretary, Manchester Chamber of Commerce); Mr. Percy Woodhouse (Bank of Liverpool and Martins, Limited); Mr. W. Howarth, J.P. (President, Textile Institute); Mr. F. Murgatroyd (Official Receiver); Mr. F. A. Eyre (Secretary, Manchester Ship Canal); Mr. W. Maxwell Reekie, O.B.E.; Mr. Albert B. Ward (Secretary, Richard Haworth & Co., Limited); Mr. H. Heathcote-Williams, M.A.; Mr. P. Forrester (Union Bank of Manchester, Limited); Mr. James C. Fay (Secretary, Incorporated Accountants' Students' Society of London); Mr. G. J. Burditt (Chairman, Education Committee, Manchester Chamber of Commerce); Cavalier E. Fontana Jucker (Italian Consular Agent); Mr. Halvor Piggott, F.S.A.A., and Mrs. Piggott; Mr. Sidney L. Smith (Chairman, Manchester Branch, Auctioneers' Institute); Mr. Henry L. Marsden, B.Com. (Principal, Municipal School of Commerce); Mr. A. E. Woodington, F.S.A.A. (London) (Past President); Mr. J. B. Johnson, F.S.A.A. (Vice-President, Institute of Municipal Treasurers and Accountants); Mr. N. J. Laski; Mr. L. C. Evans (Town Clerk of Salford); Mr. E. Whittaker, J.P., F.S.A.A. (Southampton) (Member of Council); Mr. A. N. Winder (Chairman, Manchester Stock Exchange); Mr. Peter J. Skelton (President, Manchester Law Society); Mr. W. Gorman; Mr. R. T. Hindley (Williams Deacons Bank, Limited); Dr. W. Voss (Secretary, Verband Deutscher Bücherrevisoren) and Mrs. Voss; Miss Snelling (*The Accountant*); Mr. William Claridge, J.P., F.S.A.A. (Bradford) (Past President); Mr. Richard Smith, F.S.A.A. (Member of Council),



and Mrs. Smith; Mr. Alan Standing, F.S.A.A. (Liverpool) (Member of Council), and Mrs. Standing; Mr. R. T. Warwick, F.S.A.A. (Member of Council), and Mrs. Warwick; Mr. E. Cassleton Elliott, F.S.A.A. (Member of Council), and Mrs. Cassleton Elliott; Mr. W. H. Payne, F.S.A.A. (London) (Member of Council); Mr. Richard Leyshon, F.S.A.A. (Cardiff) (Member of Council); Mr. William Paynter, F.S.A.A. (London) (Member of Council); Mr. D. E. Campbell, F.S.A.A. (Wolverhampton) (Member of Council); Mr. E. T. Kerr, F.S.A.A. (Birmingham) (Member of Council); Mr. C. W. Skelton (President, Manchester Branch, Chartered Institute of Secretaries); Mr. Jas. Paterson (Greenock) (Scottish Branch; Member of Council), Mrs. Paterson and Miss Paterson; Mr. H. J. Burgess, F.S.A.A. (London) (Member of Council); Mr. J. Pearson Griffiths, F.S.A.A. (President, South Wales and Monmouthshire District Society), and Mrs. Pearson Griffiths; Mr. R. Wilson Bartlett, F.S.A.A. (Newport, Mon.); Mr. Percy H. Walker, F.S.A.A. (Cardiff) (Secretary, South Wales and Monmouthshire District Society); Mr. Norman Booth, F.S.A.A. (Belfast); Miss J. G. Derry; Mr. Rhodes Marriott; Mr. Percy Toothill, F.S.A.A. (Member of Council); Mrs. Hewitt; Mr. C. H. Wells, F.S.A.A. (Sheffield) (President, Sheffield District Society); Mr. A. Horsfield, F.S.A.A. (Bury); Mr. E. S. Hare, F.S.A.A. (Bristol) (President, West of England District Society), and Mrs. Hare; Mr. F. A. Webber, F.S.A.A. (Hon. Secretary, West of England District Society); Mr. J. Paterson Brodie, F.S.A.A. (Secretary, North Staffordshire District Society), and Mrs. Paterson Brodie; Mr. R. J. Kidney, F.S.A.A. (Dublin); Mr. A. Chadwick, F.S.A.A. (Bury) (Vice-President, Manchester and District Society); Mrs. Fitton; Mr. William Eaves, F.S.A.A. (Manchester), and Mrs. Eaves; Mr. F. W. E. Morgan, F.S.A.A. (London); Mr. H. Mumford Smith and Mrs. Smith; Mr. Ashford Eve and Mrs. Eve; Mr. T. Morgan; Miss M. Morgan; Mrs. Tweedie; Miss Gorman; Miss W. Brodie; Mr. James Baird, F.S.A.A. (Belfast); Miss W. E. Piggott; Mr. Alexander Hannah, F.S.A.A. (Hon. Secretary, Liverpool District Society); Mr. J. W. Carter, F.S.A.A. (Leeds) and Mrs. Carter; Mr. Owen Avison, F.S.A.A. (Huddersfield); Mr. T. W. Dresser, F.S.A.A. (Secretary, Yorkshire District Society); Mr. E. B. Shaw, F.S.A.A. (Huddersfield); Mr. H. Pell, A.S.A.A. (Stockport); Mr. J. Moffitt, F.S.A.A. (Plymouth), and Miss Moffitt; Mr. J. Telfer, A.S.A.A. (Hon. Secretary, Newcastle-on-Tyne District Society); Mr. W. M. McKenzie, F.S.A.A. (Sunderland); Mr. F. McKenzie; Mr. H. Reynolds, F.S.A.A. (Hon. Secretary, Bradford District Society), and Mrs. Reynolds; Mr. Richard Moore; Mr. John Hannan, A.S.A.A. (Leeds); Mr. Joseph Murphy; Mr. F. Turner; Mr. F. Harrison, F.S.A.A. (Leeds), and Mrs. Harrison; Mr. Thomas Hodgson, F.S.A.A. (Manchester); Mr. F. W. E. King, A.S.A.A. (London); Mr. F. A. Roberts, A.S.A.A. (London), and Mrs. Roberts; Mr. G. Roby Pridie, F.S.A.A. (London); Mr. Fred Hargreaves, F.S.A.A. (Manchester), and Mrs. Hargreaves; Mr. G. H. Handford, F.S.A.A. (Manchester), and Mrs. Handford; Mr. H. Howarth, A.S.A.A. (Manchester), and Mrs. Howarth; Mr. W. Hessey, A.S.A.A. (Manchester), and Mrs. Hessey; Mr. Thomas Silvey, F.S.A.A. (Manchester), and Mrs. Silvey; Mr. C. M. Dolby, F.S.A.A. (Liverpool); Mr. Henry Edwards, F.S.A.A. (Swansea); Mr. F. Willett, F.S.A.A. (Manchester); Mr. Squire Garner, F.S.A.A. (Manchester); Mr. E. S. Goulding, F.S.A.A. (Liverpool); Mr. Reginald Gregg, A.S.A.A. (Manchester), and Mrs. Gregg; Mrs. A. E. Robinson; Mr. J. Turner, F.S.A.A. (Manchester), and Mrs. Turner; Mr. W. A. Nixon, F.S.A.A. (Manchester), and Mrs. Nixon; Mr. Harold Sharp, A.S.A.A. (Manchester); Mr. S. M. Bix, A.S.A.A. (Manchester), and Mrs. Bix; Mr. T. S. Smith, F.S.A.A. (Bury); Mr. T. Stott; Mr. R. T. Hall; Mr. C. Dawson; Mr. W. Harling, A.S.A.A. (Manchester), and Mrs. Harling; Mr. and Mrs. Sixsmith; Mr. F. Towns; Miss A. E. Patterson, A.S.A.A. (Manchester); Miss D. Cross, A.S.A.A.; Mr. Rhodes Marriott (Jr.); Mr. A. E. Pugh, F.S.A.A. (Newport, Mon.); Mr. E. Mills, F.S.A.A. (Newport, Mon.); Mr. T. W. Sowerbutts, F.S.A.A. (Manchester), and Mrs. Sowerbutts; Mr. B. Sowerbutts; Mr. T. R. G. Rowland, F.S.A.A. (W. Hartlepool); Mr. L. Ward; Mr. N. Jones; Mr. H. C. Barnes; Mr. J. F. Chapman, A.S.A.A. (W. Hartlepool); Mr. J. Sutcliffe, A.S.A.A. (Oldham); Mr. C. C. Sweet, A.S.A.A. (Altrincham); Mr. A. Bewley, A.S.A.A. (Salford); Mr. J. A. Hulme, F.S.A.A. (Hon. Treasurer, Manchester District Society), and Mrs. Hulme; Mr. F. J. Warren, M.B.E., J.P., F.S.A.A. (Haverfordwest); Mr. C. R. Whitnall, F.S.A.A. (Liverpool);

Mr. W. C. Westlake, F.S.A.A. (Southampton); Mr. D. McL. Wriglesworth, F.S.A.A. (Bradford), and Mrs. Wriglesworth; Mr. W. Woods, A.S.A.A. (Manchester); Mr. J. L. Worthington, A.S.A.A. (Manchester), and Mrs. Worthington; Mr. F. O. Wilson, F.S.A.A. (Manchester), and Mrs. Wilson; Mr. H. W. McGregor, F.S.A.A. (Johnstone); Mr. Arnold Watson, F.S.A.A. (Manchester); Mr. A. E. Wilson, A.S.A.A. (Manchester); Mr. Ernest Williams, F.S.A.A. (Manchester); Mr. N. K. Heatley, A.S.A.A. (Manchester), and Mrs. Heatley; Mr. J. H. Hayes and Mrs. Hayes; Mr. R. Heatley, F.S.A.A. (Manchester), and Mrs. Heatley; Mr. A. Armstrong, A.S.A.A. (Manchester), and Mrs. Armstrong; Mr. J. O. Worrall, A.S.A.A. (Manchester), and Mrs. Worrall; Mr. W. G. Baker, A.S.A.A. (Manchester); Miss F. Hinchliffe; Mr. R. Hindley, F.S.A.A. (Ashton-under-Lyne), and Mrs. Hindley; Mr. J. S. Hamer, A.S.A.A. (Ashton-under-Lyne); Miss E. Threlfall; Mr. E. A. Anderson, A.S.A.A. (Belfast); Mr. W. H. Cecil, A.S.A.A. (Manchester); Mr. H. J. E. Batchelor, F.S.A.A. (Southampton); Mr. E. J. Waldron, A.S.A.A. (Southampton); Mr. Robert Bell, F.S.A.A. (Belfast), and Mrs. Bell; Mr. H. St. J. Jackson, F.S.A.A. (Rochdale), and Mrs. Jackson; Mr. C. E. Rogerson, F.S.A.A. (Manchester); Mr. V. A. Bell, F.S.A.A. (Manchester); Mr. G. A. Neaves, F.S.A.A. (Manchester); Mr. G. Brinley Bowen, F.S.A.A. (Swansea); Mr. Thomas Mills, F.S.A.A. (Swansea); Mr. N. Duxbury, F.S.A.A. (Blackburn); Mr. F. A. Heys, B.A.; Mr. W. Horrocks; Mr. J. P. Duxbury, F.S.A.A.; Mr. B. Ormerod, LL.B.; Mr. A. B. Roebuck; Mr. J. F. Lambert, A.S.A.A. (Manchester), Mrs. Lambert and Miss Lambert; Mr. H. Johnson and Mrs. Johnson; Mr. F. Lofthouse, A.S.A.A. (Bury); Mr. James Hall, A.C.A., A.S.A.A. (Bury); Mr. J. R. Hughes, A.S.A.A. (Bury); Mr. W. Nicklin, F.S.A.A. (Manchester), and Mrs. Nicklin; Mr. J. McIntyre, A.S.A.A. (Stockport), and Miss A. McIntyre; Mr. E. C. Morgan, F.S.A.A. (Newtown); Mr. J. C. Loughridge, F.S.A.A. (Dublin); Mr. R. O. Naylor, A.S.A.A. (Kendal); Mr. A. E. Noon, F.S.A.A. (Liverpool), and Mrs. Noon; Mr. G. H. Blair, F.S.A.A. (Manchester); Mr. T. B. Rich, F.S.A.A. (Manchester); Mr. W. Towers, F.S.A.A. (Manchester); Mr. L. Vizard, F.S.A.A. (Cheltenham); Mr. Clifford Wardle, A.S.A.A. (Manchester), and Mrs. Wardle; Mr. R. P. Whipp, A.S.A.A. (Manchester); Mr. H. Bailey, A.S.A.A. (Manchester); Mr. H. Wilde, A.S.A.A. (Manchester), and Mrs. Wilde; Mr. M. P. Ferneyhough, F.S.A.A. (Stoke-on-Trent); Mr. J. W. Shepherd, C.B.E., F.S.A.A. (Manchester); Mr. J. H. Lord, J.P., F.S.A.A. (Bacup); Mr. Lewis Lord, F.S.A.A. (Manchester); Mr. H. B. Barter, M.C., A.S.A.A. (Bacup); Mr. A. F. Pickup, A.S.A.A. (Bacup); Mr. S. B. I. Abbott, A.S.A.A. (Belfast); Mr. J. Tomlinson, A.S.A.A. (Ashton-under-Lyne); Mr. and Mrs. Redhead; Miss Shearer; Mr. J. R. W. Alexander, M.A., LL.B. (Parliamentary Secretary); Mr. Arthur E. Piggott, F.S.A.A. (Manchester) (Member of Council; Secretary, Manchester District Society); Mr. A. A. Garrett, B.A., B.Sc., F.C.I.S. (Secretary).

The PRESIDENT, on rising to propose the Loyal Toast, was enthusiastically received. The toast was duly honoured.

#### "The City and Corporation of Manchester."

Sir CHARLES H. WILSON, M.P., LL.D. (Leeds), Past President, proposed "The City and Corporation of Manchester." He referred to the high place which Manchester occupied among the cities of the Empire for the efficiency of its administration and the sense of civic duty among its citizens. In Manchester they could see the embodiment of municipal enterprise conducted on wise lines. There was one matter, however, which always surprised him. As an outsider he could not understand why there had not been a marriage between Manchester and Salford. On behalf of Incorporated Accountants he expressed the sense of indebtedness and pleasure which they all felt to the City of Manchester for the splendid reception given to the Conference, and particularly for the generous hospitality of the Lord Mayor and Lady Mayoress, the toast of whose health he asked them to drink heartily.

The LORD MAYOR, in acknowledging the toast, received a most enthusiastic reception. He expressed his great pride in

the achievements and undertakings of the City of Manchester, and gave some brief particulars indicating the extent of the activities and responsibilities of the Corporation. In particular he referred to their water supply, drawn from Thirlmere in the Lake district, and other amenities which the city provided. He rejoiced at the presence in Manchester of the Incorporated Accountants' Conference, and it gave the Lady Mayoress and himself the greatest pleasure to offer them the hospitality of the Town Hall and also to be the guests of the Society at this dinner. (Cheers.)

#### "The Society of Incorporated Accountants and Auditors."

The Right Hon. Commander Sir EDWARD HILTON YOUNG, G.B.E., D.S.O., D.S.C., proposed the toast of "The Society of Incorporated Accountants and Auditors." He said it was impossible to exaggerate the importance of the great profession of accountancy in the modern world. He had no doubt that many of them would agree with him that the commercial and industrial future of this country depended more upon the continuous increase in the prosperity of the small business than upon anything else. He did not under-rate for a moment the importance of combination in certain industries, which could only hold their own against the very keen competition from abroad by large scale organisation. But they knew there were industries in which it was impossible to enlarge the unit for the conduct of the business without decreasing the efficiency. The principal drawback of the small business in the modern world of competition was the difficulty of availing itself of the highest science in the conduct of its accountancy side. Here was an enormous service which the profession of accountancy could render to the economic future of this country. Accountants could bring their trained minds and wide experience to the service of the small manufacturer, the small merchant, and the small business man. Accountants generalised the science of business, and were able to put it at the disposal of the small man. There was another high service that accountants rendered. In these days many of us were in a state of conflict with the tax collector. Now if there were only the unfortunate and exasperated taxpayer on the one hand, and the equally unfortunate and exasperating tax collector on the other, there would be sad friction in modern affairs. This was where the accountant came in. Accountants were the oil-can, the apparatus which prevented bearings from becoming overheated. They understood the needs and requirements of the business man, and by a violent effort of their powerful imaginations and the exercise of their strong human sympathies they were even able to understand the point of view of the tax collector, and so they brought the two together. The functions of the profession were high functions, and could only be discharged by a profession of carefully trained men, who had gone through the mill, who had learned by experience and intimate contact with business the needs and requirements of all sides, who had generalised that experience, and were so able to assist in keeping the wheels of our national industry smoothly turning. (Applause.)

Mr. HENRY MORGAN, Vice-President, briefly responded to the toast, and expressed the thanks of the Society for the speech of goodwill of Sir Edward Hilton Young.

#### "The Bench and Bar of England."

The President proposed the toast of "The Bench and Bar of England." No Englishman, he said, was prepared to change our system of administering justice. Every Englishman of right mind knew that the foundations of our liberties were laws well and truly made, and impartially administered by men of

great ability and character, who served their generation for emoluments at which a film star would turn up her nose. Our system was the envy of citizens of other nations all over the world. (Hear, hear.) One would hesitate to say that the system was yet perfect. There were still delays, which to the uninitiated seemed unnecessary, and there were vacations which filled ordinary mortals with envy. But these vacations had their uses, for, as in the case of Lord Hewart, they enabled the distinguished occupants of our judicial bench to visit other lands to carry messages of goodwill from this country. It was a particularly felicitous circumstance that at their dinner in Manchester the response to this toast should be given by Lord Hewart, of whom Manchester was so justly proud and of whose great public services they all knew. (Cheers.)

The Right Hon. LORD HEWART OF BURY, the Lord Chief Justice of England, whose speech was broadcast, was received with cheers. In responding, he recalled old associations with members of the Society of Incorporated Accountants in Manchester, with the late Mr. Harry Lloyd Price, and with Mr. Arthur E. Piggott who, to his partial eyes, seemed to get younger and younger. He remembered well how ardently, 25 years ago, and in more recent times, their Society had fought to elevate the standard of professional training and to prevent the public from being misled by a misuse of names. He suspected that even now, for reasons not easy to understand, the great profession of accountancy had not a register from which, for good reasons, a man's name could be removed. To say the least, it was a pity that the proud name of accountant should be so much at the mercy of the undeserving. How unfortunate and inconvenient it would be if every person who solicited anything from anybody was entitled to the name of solicitor, or if everybody who called himself to the saloon bar were to describe himself as a barrister. (Laughter.) Yet, apparently, all who professed to count, whether their sums came right or not, could call themselves accountants, especially those gentlemen who had little transactions about horse racing, and now, he gathered, about cat and dog racing. (Laughter.) It seemed to him a pity that as the work of the accountant had become more complex and more responsible, and demanded an increasingly high standard of professional integrity, that this should be so. There was no need for him to remind them, or to remind anybody, of the enormous and increasing part which accountancy played in the work of the law courts, both civil and criminal. He need only pay his tribute and pass on. The President, in proposing the toast, had spoken in high terms of those who occupied the judicial bench of this country. He was sure the judicial bench of the country deserved the confidence of the country. He could never imagine that the country was going to substitute for responsible and identifiable judges, sitting in open court, the edicts or orders of anonymous and mysterious young gentlemen, however ingenious, who were hidden somewhere in Government offices and who spoke in the name of this or that department. He would add that when they crossed the Atlantic, whether to Canada or to the United States, or to both, they found everywhere the same brilliant capacity, public spirit, and efficiency in the great profession of the law. In Canada, with her great distances to be travelled, it was not too much to say that the Bench and the Bar were one of the chief sources, as they were one of the most conspicuous signs, of national unity and solidarity. In the United States, amid all the wonderful equipment which was to be found, there was no profession more brilliantly equipped than the great judges and the great counsel who held aloft the banner of the common law. Here if anywhere were both union of hearts and union of heads. Here were to be found those



bonds which consisted of the same language, the same race, the same literature, and the same principles of law. He was reminded in New York the other day of an address which was delivered 31 years ago in New York by his illustrious predecessor, Lord Russell of Killowen. In the concluding passage of that speech Lord Russell said:—

"I began by speaking of the two great divisions, American and British, of that English-speaking world which you and I represent to-day. Who can doubt the influence they possess for ensuring the healthy progress and peace of mankind? But if this influence is to be fully felt, these two divisions must work together in cordial friendship, each people in its own sphere of action. If they have great power, they have also great responsibilities. No cause they espouse can fail; no cause they oppose can triumph."

Prophetic words. The future is in large part whatever those nations may make of history in the times to come. The greatest calamity that could happen would be strife that would divide them. Let us pray that they, always respecting each other and respecting themselves, each in honour upholding its own flag, safeguarding its own heritage of right, and respecting the rights of others, should, while each fulfils its own national destiny, yet work together in harmony for the progress and peace of the world. (Loud cheers.)

Major F. B. MERRIMAN, K.C., O.B.E., M.P., who also responded on behalf of the Bar, paid a personal tribute to the Lord Chief Justice. Lord Hewart was an unrepentant Manchester Grammar School boy, and sustained a great loyalty for the City of Manchester. Continuing, Major Merriman said he yielded to none in his admiration of the work of accountancy. He always looked upon an accountant as one of those marvellous beings who could solve, so to speak, the eternal herring-and-a-half problem without having, as the barrister had to have, the herrings on the table in front of him.

#### "Trade and Industry."

Mr. E. B. FIELDEN, M.P., who gave the toast, "Trade and Industry," said that if it were not for the position of the coal and iron industries, which were so seriously affected by the long dispute, conditions to-day would be not at all unfruitful of hope. Unemployment had decreased since two years ago, and the goods traffic on the railways, notwithstanding heavy road competition, showed that trade was maintaining fully the conditions of two years ago. The Chancellor of the Exchequer was apparently happy about the yield of the income tax, and even the export of cotton goods, when compared with those of two years ago, gave some cause for hope. He would not put things higher than that. We ought, however, to avoid pessimism, and to advertise our goods much more than we did.

Mr. W. E. THOMPSON, President of the Manchester Chamber of Commerce, responding, said that the cotton industry of Lancashire had had far too much publicity of the wrong sort. Even the cotton trade was not quite so bad as it was made out to be. It was chiefly one section that was affected, and the troubles with which it was afflicted were not by any means all of its own making. He believed that Lancashire had ability and energy enough to put its business in order, and that when the revival did come they would have the courage and capacity to grasp the opportunity and recover the supremacy that the county had always held in the markets of the world. (Cheers.)

Sir EDWIN STOCKTON, who also acknowledged the toast, said it was singularly unwise to indulge in self-depreciation as we had done in this country in recent times. The fact that we had difficulties was no reason why we should advertise them

to the world. One thing we needed was more co-operation between capital and labour, between employer and employed, and he believed we were getting it. (Applause.)

#### "The Guests."

Mr. GEORGE A. MARRIOTT, President of the Manchester District Society, submitted the toast of "The Guests," to which a response was given by Sir CHRISTOPHER NEEDHAM.

#### "The President."

At the conclusion of the proceedings Lord HEWART proposed the toast of "The President," and congratulated him upon the success of the Conference.

The PRESIDENT, in responding, expressed his thanks to Lord Hewart for his kind words, and his sense of indebtedness to the Manchester Committee and the officers of the Society for their work in arranging the Conference.

### SOCIAL FUNCTIONS.

#### Reception and Dance.

The social side of the Conference commenced on the first day, September 28th, with the reception and dance given by the members of the Manchester and District Society. The President (Mr. George A. Marriott), Mrs. Marriott and the Committee of the District Society received members and guests in the Alexandra Room of the Midland Hotel at 7.30 p.m. On behalf of the visiting members of the Society, a bouquet was presented by Miss Jean Paterson to Mrs. G. A. Marriott, and another by Miss H. M. Claridge, A.S.A.A., to Mrs. A. E. Piggott. Dancing followed to Mr. A. Wignall's band in the Large Ball Room until midnight. The gathering was a most enjoyable one, and provided an excellent and early opportunity for members to meet each other.

#### Luncheon.

After the first business session on the second day of the Conference, September 29th, the Manchester and District Society invited those attending the Conference to luncheon in the Large Banqueting Hall at the Midland Hotel. The chair was taken by Mr. George A. Marriott, who briefly responded to the only toast, that of "The President of the Manchester and District Society," proposed by Sir Charles Wilson, who thanked the Chairman and the Manchester members for their kindness in entertaining those at the Conference in such a generous way.

#### Motor Tour to Buxton.

During the afternoon of September 29th, a very pleasant fifty mile motor tour through parts of Manchester, Cheshire and Derbyshire to Buxton took place. Those present were particularly impressed with the fine views of a portion of the Pennine Range, and the wild moorland of the Peak district. Tea was taken at the Palace Hotel, Buxton, and on the return journey a height of 1,600 feet was reached at "The Cat and Fiddle."

#### Civic Reception and Dance.

The civic reception, concert and dance given by the Lord Mayor and Lady Mayoress of Manchester (Alderman J. H. and Mrs. Swales), held on the evening of September 29th, can only be described as a brilliant function. The Town Hall, in itself a fine building and admirably suited for the purpose, was enhanced in appearance by the extensive floral decorations. Eight hundred guests had been invited, and nothing had been forgotten for their entertainment and refreshment. Those who did not dance were thought of in an excellent concert which took place in the Council Chamber during the first part of the evening. The Lord Chief Justice was amongst the



numerous distinguished guests of the Lord Mayor, and at the commencement of the reception Miss Piggott presented a bouquet to the Lady Mayoress on behalf of the members attending the Conference.

#### President's Luncheon.

The President and Mrs. Keens entertained to luncheon on September 30th, at the Midland Hotel, the principal representatives of Branches and District Societies, members of the District Societies Committee of the Council, and their ladies. The guests numbered 60.

Mr. William Bateson, F.S.A.A. (Blackpool), proposed the toast of "The President and Mrs. Keens," and referred to the task which the President had almost completed of visiting every Branch and District Society throughout the British Isles during his term of office, and of giving particular attention to their development, future policy and individual requirements. They were fortunate, indeed, to have a President who was not only able to shoulder such a burden, but who could discharge his duties, with the assistance of Mrs. Keens, with a grace and charm which had appealed to them all. It was a kindly thought which prompted them both to give that luncheon in such delightful surroundings, and on behalf of those present he thanked the President and Mrs. Keens most sincerely, and hoped that they would long continue to work in the cause of the Society.

The President, who was received with applause on rising to respond, expressed on behalf of himself and Mrs. Keens their thanks for the appreciative words of Mr. Bateson, whose long association with the world of municipal affairs, his work as Borough Treasurer of Blackpool, and his activity on the Council of the Society, was well known to all members. He knew that those present would wish him to say how exceedingly sorry they were that Mr. A. E. Fitton had fallen ill on the eve of the Conference, with which he was closely associated, and could not be with them. This luncheon afforded an opportunity of returning, however inadequately, some of the lavish hospitality which he received from members, when visiting Branches and District Societies, whom he was glad to meet again. He hoped that the scheme for their development which had been under discussion for some time, would be adopted so as to increase the prosperity of the Society as a whole.

The Vice-President, Mr. Henry Morgan, proposed the toast of "The Branches and District Societies," and said that the Manchester and District Society was the Senior District Society, and one which had worked hard for almost 42 years. The quality of their work could be judged by the highly successful manner in which this Conference had been organised and run. With the toast he associated the name of Mr. Arthur E. Piggott, who had been honorary secretary of the Manchester District Society since its inception, and was one of the senior members of the Council of the Society. Both District Society and Council were fortunate in being served by such an exceedingly able member of the Society.

Mr. Arthur E. Piggott expressed his thanks on behalf of himself, the Branches and District Societies, and the Manchester Reception Committee, and said that nothing could have given him greater pleasure than to know, as he did, that the Conference had been acclaimed an unqualified success.

#### Manchester Ship Canal.

On the afternoon of the third day of the Conference, September 30th, the Manchester Ship Canal Company placed the s.s. "Ralph Brookebank" at the disposal of members, and a most interesting tour of inspection was made of the Manchester Ship Canal. This enterprise, it was explained, had cost £15,000,000 when opened in 1894, and had since

raised Manchester to the third port in the kingdom. It is 36 miles long, and is regularly navigated by ships of 15,000 tons deadweight. Those present were much interested in the arrangements for loading and unloading vessels, the extent of the docks and warehouses, the two 40,000-ton grain elevators, the 78,000,000 gallon oil storage, and particularly in the swinging of the Bridgewater Canal over the Manchester Ship Canal to enable large vessels on the latter to pass.

#### Visit to Cotton Mills.

On the afternoons of September 29th and 30th, visits were made to the well known cotton mills of Richard Haworth & Co., Limited, Manchester, the numbers being limited to 50 on each occasion. Commenced in 1852 with 24 looms, it was stated, the mills now have 3,200 looms, and are recognised as the model mills of Lancashire. Transported in bales via the Manchester Ship Canal, which adjoins, the raw cotton was seen being broken up, cleaned from seed and rolled into lap. Then the processes of carding, drawing and spinning into yarn, and finally the weaving into the famous "Spero" fabrics, were watched with great interest. It was pointed out that this was not only a typical Lancashire industry, but one which does not exist elsewhere in the British Isles.

#### VISIT TO BLACKPOOL.

On Saturday, October 1st, the last day of the Conference, the members travelled by special train to Blackpool, where they were received by the Mayor of Blackpool (Alderman R. Fenton, J.P.) and the Mayoress. On behalf of those present Miss Winifred Brodie presented a bouquet to the Mayoress, which she gracefully acknowledged.

#### THE MAYOR'S LUNCHEON.

The Mayor and Corporation then entertained the members to luncheon in the Indian Lounge in the Winter Gardens. Giving the delegates a hearty welcome, the Mayor asked whether the Society could do something to induce the Government to clear up the confusion and overlapping of auditorial supervision at present endured by all municipalities. The unnecessary expense and trouble involved by the numerous Governmental and elective auditors often covering the same ground was absurd, and it should easily be possible so to organise the auditorial services as to avoid most of the overlapping.

Mr. Thomas Keens, President, in his response agreed with the criticism, but especially as regards elective auditors. When the Municipal Corporations Act Audit Bill was first passed, he said, no one could possibly have foreseen the immense extension of municipal enterprises which later years brought about, and consequently the elective auditors created by the Bill were now an anachronism which must very soon be abolished by Parliament. The idea that a man, because he was on the roll of burgesses, was automatically qualified to conduct audits of the huge financial activities of important municipalities was obviously ridiculous. Yet corporations had to pay these elective auditors so many guineas per day to run over certain portions of the ground previously covered by professional auditors. The system also lent itself in some cases to disastrous abuses and to much waste of time. In no other country was accountancy raised to such a high state and standard of efficiency as in Britain. Holland, Germany and the United States came next. The United States was hampered by varying laws in 49 States and 49 different qualifications for professional accountants. The state of affairs in other countries was typified by the proud statement he had heard that there were 8,000 accountants in Rumania. "I was astounded to hear this," said Mr. Keens. "I made inquiries and found that in that country

every clerk, junior clerk and office boy employed by a municipal body was entitled to call himself a professional accountant."

After the luncheon members made a circular tour of Blackpool, and arrived at the Pleasure Beach, where they were the guests of the directors. Tea was served in the Casino Restaurant, after which a visit was made to the magnificent South Shore Open-Air Swimming Bath.

#### Conference Photographs.

Copies of photographs taken at the Incorporated Accountants' Conference may be obtained on application to the following:—

- (a) Mr. Walter Scott, North Parade, Bradford (price 5s. in black and white; 6s. in sepia):—Official groups of (1) Reception Committee, and (2) Full Conference.
- (b) *Daily Express*, Manchester (price 2s. each):—Women Incorporated Accountants present.

### A RECEIVER'S PERSONAL RESPONSIBILITY.

An action was heard by Mr. Justice McCardie in the King's Bench Division on October 21st, in which Mr. Henry Charles Stern, a paper merchant, of 12, Farringdon Avenue, London, E.C., sued Mr. Philip Edward Farr, Incorporated Accountant, of Basinghall Street, London, E.C., for £158 19s. for goods supplied. The defence was that the goods were ordered on behalf of a company, and that defendant was not personally liable.

Plaintiff's case was that prior to October, 1925, he supplied foil to the Homemade Chocolate Company, and they owed him £74 2s. 2d. On October 27th defendant was appointed receiver of the company, with authority to carry on the business, and on several occasions goods ordered by him were supplied. Money had been paid on account, and the sum claimed was the balance due. The goods were supplied to Mr. Farr, and witness understood that he would be liable for them, as it had been arranged that he would confirm all orders.

Mr. Farr, giving evidence, said he wrote to plaintiff withdrawing his personal liability for goods supplied. He also told Mr. Stern that he could not accept any personal responsibility, but liabilities which he rightly incurred as receiver would rank before debenture holders' claims. He was an accountant and not a chocolate manufacturer, and he did not give personal orders against his own estate, but acted on behalf of the company.

In giving judgment for plaintiff for the amount claimed and costs, his Lordship said defendant was appointed receiver not by the Court but by a debenture holder, and it was mentioned that he should be deemed to be the company's agent for all purposes. The important point in the case was that Mr. Farr intended to make himself personally responsible to the plaintiff for goods supplied, and accounts were sent to him as an individual and not in a representative capacity. In the witness box Mr. Farr had stated that he assumed his responsibility was a technical one inherent in him as receiver, but in a letter to plaintiff he wrote "I shall remain in possession as receiver and shall carry on the business as manager, but my personal guarantee must be withdrawn with the new arrangements." If that letter had stood and governed the future dealings between the parties defendant would have been exempt from responsibility, but plaintiff would not accept the position and insisted on Mr. Farr being personally responsible. "I believe," continued his Lordship, "that not realising the distinction between a personal liability which might carry an indemnity and a personal liability which might not carry a practical right of indemnity, defendant did say he would be personally responsible. On March 25th he received plaintiff's letter saying he would be held personally responsible, and he did not reply dissociating himself from that position. I believe that defendant, not appreciating the legal position and the legal risks associated with the position of receiver, has intentionally made himself personally responsible—not quite realising the possible consequences. In those circumstances there must be judgment for the plaintiff."

### Changes and Removals.

Messrs. Adams & Etherington, Incorporated Accountants, have removed to Granville House, Arundel Street, London, W.C.2.

Mr. W. J. Amherst, A.C.A., Incorporated Accountant, announces that he is in practice at Midland Bank Chambers, Minehead, and 22, Basinghall Street, London, E.C.2.

Messrs. Bradley & Gale, 584, Christchurch Road, Bournemouth, announce that the partnership has been dissolved. Mr. Ernest Bradley, Incorporated Accountant, will continue to practise at the above address, and Mr. L. Holderness Gale, A.C.A., will practise at Glen Fern Chambers, Old Christchurch Road, Bournemouth.

Mr. J. C. Carr Braint, Incorporated Accountant, announces that the partnership between Mr. Cunningham and himself has been dissolved. He will continue to practise at Co-operative Chambers, Carls Lane, High Street, Leicester, in his own name.

Messrs. Culley & Co., of King's Lynn, Great Yarmouth and Norwich, intimate that as regards their King's Lynn practice Mr. W. E. Marshall, Incorporated Accountant, has retired from the partnership, and the practice at that office will be conducted as hitherto. (The announcement given in the September issue of the *Journal* applied only to the King's Lynn office of Messrs. Culley & Co., and did not affect Great Yarmouth and Norwich.)

Mr. Eric Friis, Incorporated Accountant, has commenced public practice at 12, Bear Street, Leicester Square, London, W.C.2, and 37, Chesnut Avenue, Hull.

Mr. A. F. Lovell, Incorporated Accountant, has entered into partnership with Trevor Davies, Gantner & Co. The partnership will be carried on in new offices at 5, Great Winchester Street, London, E.C.2, under the style of Davies, Gantner, Lovell & Co.

The partnership previously carried on by Mr. D. R. Ryall, Incorporated Accountant, and Mr. W. B. Gurney, Incorporated Accountant, under the style of Ryall & Gurney was dissolved on June 17th, 1927. Mr. W. B. Gurney will practise in future under his own name at London and Lancashire House, 148, St. George's Street, Cape Town.

Mr. Norman Sacker, Incorporated Accountant, has removed to Spring Garden Chambers, Kay Street, Rawtenstall.

Messrs. Keller Snow & Unwin have removed their London office to 63, Queen Victoria Street, London, E.C.4.

Messrs. J. D. Thompson & Co., Incorporated Accountants, have removed to 110/111, Scottish Provident Buildings, 7, Donegall Square West, Belfast.

Mr. F. R. Thurlow, B.Sc., Incorporated Accountant, has entered into partnership with Mr. Fred Gill, Chartered Accountant. The joint practice will be carried on under the style of Gill & Thurlow at Bank of Liverpool Chambers, Tyrrel Street, Bradford.

Messrs. Tulk, Bell & Neaves, Tower Chambers, 30, Spring Gardens, Manchester, announce that Mr. H. Tulk has retired from the firm. The practice will be continued under the same style as heretofore.



## Society of Incorporated Accountants and Auditors.

### South African (Western) Branch.

#### ANNUAL GENERAL MEETING.

The annual general meeting of the South African (Western) Branch was held in Cape Town on September 21st. Sir Harry Hands occupied the chair, and was supported by Mr. James Douglas, F.S.A.A., C.A., Mr. P. C. Close, A.S.A.A., Mr. F. C. McConnell, A.S.A.A., and Mr. C. D. Gibson, F.S.A.A. (Hon. Secretary), and a number of other members.

The minutes of the special general meeting held on March 7th having been read, the Chairman briefly outlined events of interest which had taken place since the last meeting. He particularly mentioned the Chartered Accountants' Designation Act, 1927, passed by the Union Parliament, and also the formation of the Institute of Accountants of South Africa. Sir Harry Hands informed the members of the steps taken to protect the Society's interests. He also alluded with pleasure to the forthcoming visit to South Africa of Sir James Martin.

On the motion of Sir Harry Hands, seconded by Mr. James Douglas, the audited accounts and report were adopted. It was resolved that Mr. Harold J. Notcutt, A.S.A.A., be re-appointed auditor for the year.

In connection with the visit of Sir James Martin, a Reception Committee was formed to organise a dinner, consisting of Sir Harry Hands (chairman), Mr. P. L. Close, Mr. F. C. McConnell and Mr. H. J. Notcutt.

The meeting closed with a vote of thanks to the Chairman.

#### AMATEUR AUDITORS.

In proposing the toast of the City and Corporation of Liverpool, at the jubilee banquet of the Liverpool Investment Building Society, Mr. Thomas Keens, F.S.A.A., President of the Society of Incorporated Accountants and Auditors, said:

"The development in the municipal government of this country has been remarkable. From limited services with regard to streets and lighting, it is now no exaggeration to say that the individual from the cradle to the grave is under the care of the local authorities, in addition to which they are responsible for the conduct of vast trading undertakings—gas, water, electricity and transport of all kinds.

"Notwithstanding these enormous developments, corporations without special Acts of Parliament are still subject to the audit provisions of the Municipal Corporations Act, 1882, and the result of the elective audit system established by that Act is that it is left to the accident of the polls, when only an exceedingly small number vote, to determine who shall audit the accounts of the corporation, and the person so elected may be, and very frequently is, a man without any knowledge or experience of accounts.

"This is a state of affairs which could not have been contemplated when the Act was passed. The system stands condemned by experience and by the recommendation of a Joint Select Committee of both Houses of Parliament. It must speedily give place to the system of professional audit adopted by private Act by over 60 municipal authorities, if the interests of the ratepayers are to be adequately safeguarded, and any confidence is to be reposed in the certificate of the auditors."

## Dublin Incorporated Accountants' Students' Society.

#### Syllabus of Lectures.

1927.

- Oct. 6th. Three Papers by Students—Mr. J. D. Woods, Mr. E. J. Dalton and Mr. R. S. Baskin.
- Oct. 28th. "Procedure at Examinations, and Discussion of Problems."
- Nov. 17th. "Law and Procedure relating to Income Tax Appeals: An Income Tax Appeal before the Commissioners," by Mr. B. Wood.
- Dec. 2nd. "Economics and the Business Man," by Mr. C. P. McCarthy, M.Comm., F.S.A.A.
- Dec. 15th. "Partnership Law and Accounts," by Mr. A. J. Walkey, A.S.A.A.
- 1928.
- Jan. 11th. "The Law of Contract," by Mr. W. B. Butler, B.L.
- Jan. 26th. "The Money Market," by Rev. Thomas Finlay, M.A., S.J.
- Feb. 17th. "Income Tax, Schedule D," by Mr. P. J. Purtill, LL.B., A.C.A., A.S.A.A.
- Mar. 8th. "The Formation and Registration of a Private Limited Company," by Mr. A. H. Walkey, F.S.A.A.
- Mar. 30th. "Meetings in Voluntary Liquidation." Liquidator, Mr. R. J. Kidney, F.S.A.A.

Meetings are held at Jury's Hotel, College Green, Dublin, at 6 p.m.

#### Misrepresentation by Unauthorised Employee.

An interesting decision with regard to the liability of a company with regard to the fraud of one of its employees was given by the Master of the Rolls and Lords Justices Scrutton and Sargant in the Court of Appeal on October 19th. The City Finance and Trading Limited, financiers, of Aldgate Avenue, London, E., appealed from a judgment of Mr. Justice Horridge dismissing an action by them against Maxtone, Graham & Sime for £1,000 claimed as damages for misrepresentation. On May 18th last year a man named Ernest William Tester approached the City Finance and Trading Limited for a loan of £1,000 on the security of 350 cumulative preference shares in the Equitable Trust of London Limited, of the face value of £3,500. Maxtone, Graham & Sime were secretaries of that and eighteen other companies, and plaintiffs wrote to ask the numbers of the shares owned by Tester. In fact, Tester owned no such shares, but a clerk in the employ of Maxtone, Graham & Sime wrote a letter purporting to give the numbers of the shares, and saying that a transfer certificate would be issued on deposit of the transfer. On this plaintiffs made the loan. Afterwards the trick was discovered, and both Hammond and Tester absconded, but Hammond has since been brought to justice.

The Master of the Rolls, giving judgment, said that on a letter purporting to give the numbers of the shares in the Equitable Trust of London Limited, held by Tester, the City Finance and Trading Limited lent £1,000 to Tester. In fact, Tester had no such shares, and he and Hammond were both concerned in carrying out the fraud on the plaintiffs. They both absconded, but Hammond had since been brought to justice. On discovery of the fraud, Maxtone, Graham & Sime repudiated the letter written by Hammond, and the case turned on the position of Hammond. It was clear Hammond had no actual authority to write the letter, and there was no evidence that defendants held him out as having such authority. On the contrary, the evidence was that he was a clerk in the office of Maxtone, Graham & Sime, who took upon himself duties he had no right to undertake. His employers were secretaries of nineteen companies, and there was no evidence that the inquiry of the City Finance and Trading Limited got into the hands of anyone who could properly be regarded as controllers of such a business. Hammond's reply to it was a forgery, and the facts were on the whole insufficient to attach responsibility to Maxtone, Graham & Sime for Hammond's fraud.

Lords Justices Scrutton and Sargant concurred. The appeal was accordingly dismissed.



## Society of Incorporated Accountants and Auditors.

### MEMBERSHIP.

The following additions to and promotions in the Membership of the Society have been completed since our last issue:—

#### ASSOCIATE TO FELLOW.

BATCHELOR, HAROLD JOHN ERNEST, 44, Above Bar, Southampton, Practising Accountant.

#### FELLOW.

GALBRAITH, HAROLD GRAHAM, B.A., C.A. (Douglas, MacKelvie and Co.), Dominion House, 141, Longmarket Street, Cape Town, South Africa, Practising Accountant.

#### ASSOCIATES.

ADDISON, WALTER, Clerk to Yeatman, Melbourn & Co., 2, Coleman Street, London, E.C.2.

BUCHAN, ARTHUR ALEXANDER, Clerk to F. W. Anton Eveleigh, 5, Library Buildings, Market Square, Port Elizabeth, South Africa.

CROME, ROBERT, Clerk to T. H. Major, 4, Royal Arcade, Newcastle-on-Tyne.

DAVIS, HENRY THOMAS, City Treasurer's Department, Council House, Birmingham.

FARR, EDGAR SIDNEY, Clerk to R. L. Tayler & Co., Coventry House, South Place, Moorgate, London, E.C.2.

GEART, THOMAS STEPHEN, Clerk to Russell & Co., 6, Rue de l'Ancienne Bourse, Alexandria.

GRIFFITHS, LESLIE HORACE, Clerk to W. McIntosh Whyte & Co., Mansion House Chambers, 11, Queen Victoria Street, London, E.C.4.

HOWARTH, HAROLD WILLIAM, Clerk to W. A. Judge, High Street, Sipton.

HOWES, PHILIP DENNIS, City Treasurer's Department, Council House, Birmingham.

McMURRAY, JAMES CUMMING, 13, Nursery Avenue, Kilmarnock, Practising Accountant.

SUTTON, CECIL HARRY, Clerk to Harper Smiths, London and Provincial Bank Chambers, Norwich.

WATTS, WILLIAM ENOS, Clerk to A. B. Watts, 15, Windsor Place, Cardiff.

## THE ACCOUNTANT-LECTURERS' ASSOCIATION.

The fourteenth annual general meeting of the above Association was held at Lincoln House, High Holborn, London, W.C., under the chairmanship of Professor Lawrence R. Dicksee, M.Com., F.C.A.

The report and accounts having been adopted, the following officers were elected:—President, Professor Lawrence R. Dicksee, M.Com., F.C.A. Vice-Presidents: Professor Wm. Annan, C.A.; Mr. R. N. Carter, M.Com., F.C.A.; Colonel E.W. Crawford, D.S.O., A.C.A.; Mr. H. S. Ferguson, M.Com., F.C.A.; Professor F. R. M. De Paula, F.C.A. Committee: Mr. H. J. Eldridge, F.S.A.A.; Mr. M. Moustardier, F.S.A.A., F.C.I.S.; Mr. C. J. G. Hughes, LL.B., A.C.A.; Mr. A. W. Bain, M.A., A.C.A. Hon. Secretary and Treasurer: Mr. M. Moustardier, F.S.A.A., F.C.I.S., 69, Downs Road, London, E.5.

It was intimated that Sir William Plender, Bart., G.B.E., F.C.A., Sir James Martin, J.P., F.S.A.A., and Sir William H. Beveridge, K.C.B., M.A., B.C.L., LL.D., had consented to become Patrons of the Association.

## JUBILEE BANQUET OF LUTON CHAMBER OF COMMERCE.

### Mr. A. M. Samuel on the Trade Outlook.

The Jubilee Banquet of the Luton Chamber of Commerce was held at the Midland Grand Hotel, St. Pancras, on October 13th.

Mr. THOMAS KEENS, President of the Society of Incorporated Accountants and Auditors, who is closely associated with the British Chamber of Commerce movement and was for 28 years Secretary of the Luton Chamber of Commerce, proposed the toast of "Our Overseas Trade," and coupled with it the name of the principal guest, Mr. Arthur Michael Samuel, M.P., Parliamentary Secretary to the Department of Overseas Trade. Mr. Keens said that the importance of overseas trade to the very existence of this country was very inadequately appreciated. One man in four was engaged upon work for export, and to feed these thickly populated Isles 40 per cent. of our food stuffs had to be imported. Exports with which to buy this food and raw materials imported for our manufactures were essential to our well being. Overseas trade depended very largely upon the information available to the exporter, and such valuable information was efficiently supplied by the Department of Overseas Trade, which frequently made use of the inestimable services of the British Commercial Attaches throughout the world. He desired to pay a tribute to both. The cry at the moment was one of economy, and rightly so. But when trade is bad the manufacturer does not usually stop his advertising, or discharge the traveller who brings him trade, but that is practically what the abolition of the Department of Overseas Trade would amount to. Mr. Samuel was one of those rare Ministers who had himself taken part in commerce. He had not only manufactured boots, but had been on the road selling boots. He could have no better qualification, and it was not surprising that he had made good in his Department.

Mr. A. M. SAMUEL, on rising to respond, was greeted with enthusiasm. He said that he was pleased to think that the toast of "Our Overseas Trade" had been given by his old colleague and friend, Mr. Thomas Keens, with whom he had collaborated on commercial and other questions on many occasions, and who was as much a Conservative as he was a Liberal, and neither were very great politicians. They had been up and down the country together urging people to form Chambers of Commerce, and during the Parliament of 1923-1924 they introduced a small Bill on Bankruptcy and another on Company Law, which led to the Committees from which sprang two much larger measures—the reform of the Law of Bankruptcy and the new Companies Bill. Mr. Samuel said he had no doubt from what he saw in his Department about the recovery and prosperity of our trade as a whole. The general curve of trade was upward, gentle and healthy. Although some great industries were doing poorly, others, especially the new trades, were doing very well. The restoration of peace in the Yangtze Valley and re-opening of trade there would alone have a marked effect on cotton exports, and all that they meant to our other industries. The outlook was favourable, in which view he was fortified by the opinions of the Presidents of the Chamber of Shipping and the L.M.S. Railway. Since the Armistice over one million houses had been built at a cost of over £600,000,000, much of which sum has gone abroad to pay for imported food and personal requirements bought by the building artisans with their wages. Not one single atom of that imported food and other goods, now represented by the finished and nearly finished

houses, had been or could be exported. But the £120,000,000 paid since the Armistice for these imports went to increase the capital value of the nation's industrial plant; they increased the wealth of the country. Moreover, when the housebuilding programme advanced towards completion, he believed they would see the excess of imports over exports become less marked. We were doing our trade without the drug, the "dope," of the instalment system for increasing the sale of non-productive luxuries. Although part of the basis of prosperity in some countries, he hoped the system might never reach any great proportion in Britain, certainly not in relation to non-essentials or luxuries. If an unforeseen industrial or financial national set-back should occur, disaster must overtake a manufacturing, distributing, shipping, and financial system deeply involved in a method of trade in which the assets not only were of no reproductive value, but were wasting, and had not yet been paid for. When the inevitable cycle of depression comes round the trade will collapse and bury in its ruins those who have produced on tick, sold on tick, and bought on tick, goods which neither earn their cost nor redeem themselves out of earnings. They had little or nothing to find fault with so far as the efficiency of our production was concerned, but they must ask themselves the question whether the selling and management end of our trade was equally efficient. The Balfour Committee on Industry concluded that the commercial world was not obtaining a sufficient number of staff officers of the type necessary to meet the strain which competition by other nations was forcing on the management of our businesses.

Amongst the large number of guests present were Lady Ludlow, Mrs. Keens, Mr. T. J. O'Connor, M.P., the Mayor of Luton, the Mayor and Mayoress of Bedford, and the Secretary (Mr. A. A. Garrett) and the Parliamentary Secretary (Mr. J. R. W. Alexander) of the Society.

## THE INSTITUTE OF BOOK-KEEPERS.

### LECTURE ON AMALGAMATIONS.

A lecture was delivered before members of the Institute of Book-keepers on October 12th, 1927, at Carpenters Hall, by Mr. A. E. Cutforth, C.B.E., F.C.A., on "Amalgamations." Sir William Plender, Bart., G.B.E., LL.D., F.C.A., presided. There was a large attendance.

The Lecturer in the course of his remarks said that the following have been among the advantages resulting from amalgamations:—

Better utilisation of buildings, plant and machinery by concentrating production in the best-equipped works, and disposing of works and plant not required.

Economy by reason of less floating capital being required by the combine than by the aggregate businesses when working independently and in competition.

Purchase of material on a large scale and therefore probably on better terms.

Concentration of the work of buying and the placing of this in the hands of those of most experience and skill.

Maintenance of selling prices at a fair and just level, thus obviating the undue and uneconomic cutting of prices which occurs when a number of firms engage in excessive competition.

Economy in advertising expenditure by avoiding the excessive expenses which a number of competing businesses have to incur in self-defence.

Economy in distributing expenses, as, for example, by distributing in greater bulk.

Advantages arising from the general pooling of experience and brain power to the benefit of the whole combine.

Saving in general and overhead expenses by centralising the administration of all the businesses concerned.

The probability that a large undertaking is better able to weather financial and industrial storms than are a number of smaller undertakings.

Greater financial strength and better opportunities of raising money on favourable terms when required.

Greater marketability on the Stock Exchanges of the shares of a large company than those of a small one.

In a holding company scheme the businesses do not become merged; but unity of ownership was effected by one company purchasing the whole of, or a controlling interest in, the share capital of one or more other companies. In regard to pooling agreements, no purchase of business or shares takes place. The businesses merely enter into an agreement to divide their combined profits for a term of years in certain fixed proportions.

There were, however, certain disadvantages which might result from amalgamations. For example, a combine might be so large as to become unwieldy. The magnitude of the concern might prevent a close control over its affairs, and this might lead to extravagance and waste. Difficulties also not infrequently arise in combines as a result of personal feelings—that is jealousies. Persons who in their own businesses have been accustomed to dominate the position sometimes find it difficult to work in harness with others. The Lecturer, however, felt that on the whole amalgamations were distinctly beneficial to employees. The larger and more progressive the business became the higher should be the remuneration, and the better the treatment of employees generally and the greater the scope for advancement. Cheap production, which a large output and most up to date methods of production and distribution render possible, should mean a lower selling price to the public, whilst still yielding a reasonable profit to the combine. He considered that in the great majority of cases, in this country at least, combines are of benefit and not a danger to the community.

Sir William Plender, in congratulating the Lecturer, said that amalgamations in the generally accepted meaning of the word were in some particular industries, or sections of industries, not only desirable, but a necessity if their trade was to be successfully operated and kept in this country. Amalgamations as such carried no particular blessings. In mining, for example, there must be geographical and geological relationships and identities. To bring together, for example, a number of coal-mining enterprises in Durham, South Yorkshire, and South Wales would *prima facie* offer little or no advantage. But there were in those and other coal areas a number of collieries whose conditions possessed a material resemblance that would benefit by amalgamation. In the iron and steel industry the same observations largely applied.

The pooling of knowledge and experience, a concentration of effort, the elimination of waste, and a better and more economical adaptation and use of plant and machinery must bear fruit in well-advised, properly organised, and well-administered combinations. He was not persuaded that nationalisation of industries would be in the public interest.

Amalgamations without co-operation—both of the management and of the workmen—could not achieve their object. Unless there be on the part of all concerned—employees as well as employers—mutual trust and confidence, the advantages which theoretically attached to amalgamations would only be partially realised. They might, in fact, prove far from beneficial if distrust existed, and the growth of this cancer in a big combine was not less likely than in small units.

A common purpose to produce the measure of consumptive needs as opposed to unrestricted production, and at as low a cost as possible, combined with well-directed and active aggressive salesmanship, must benefit customers, workers, and the providers of the capital. Amalgamations would then be justified. He laid particular stress on co-operative effort with a common aim; it was not only the way to peace in industry, but to prosperity for the country as a whole. State interference was seldom a panacea for industrial ills. Trade thrived and could only prosper by individual initiative and untiring effort, and by all who were engaged in it pulling together.

## Reviews.

### Snelling's Practical Income Tax. (Eighth Edition.)

By C. W. Chivers. London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C. (172 pp. Price 3s. 6d. net.)

This is a useful little book giving many particulars in relation to special points on income tax without going into any great detail. No extracts from Acts of Parliament or judgments of the Courts are given, but the general substance is recorded in simple language. The book is particularly useful for giving at a glance the general position on any particular point. Numerous examples are also supplied in relation to Repayment Claims, Dominion Income Tax Relief, Foreign Income, &c., and the Appendix contains Tables for the Calculation of both Income Tax and Super Tax.

### Holding Companies. By A. J. Simons, A.C.A. London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C. (191 pp. Price 10s. 6d. net.)

The discussions which have recently taken place with regard to holding companies will enhance the interest of a book of this character. Amongst the subjects which the author discusses are legal balance-sheets and consolidated balance-sheets. An example of the latter is worked out, and it is a rather formidable document although not more than six subsidiaries are involved. Other chapters deal with Inter-Company Affairs, Amalgamations and Mergers, with a concluding chapter on Income Tax. Mr. Simons has a good deal to say on the subject of finance and control, and the inter-connection of companies whose shares are held by the same parent company.

### Mechanism of Standard Cost Accounting. By Thomas Downie, Junr., C.A. London: Gee & Co. (Publishers), Limited, Kirby Street, E.C. (118 pp. Price 15s. net.)

The chief element of interest in this book is the idea of costing on a standard basis. It is applicable to mass production only as the author explicitly states. In this connection some interesting ideas are advanced which give food for thought. By some the work may be regarded as a little technical, but it will amply repay careful study.

### Statistics and their Application to Commerce. (Fourth Edition.) By A. Lester Boddington, F.S.S.

London: H.F.L. (Publishers), Limited, 17, Ironmonger Lane, Cheapside, E.C.

In this work Mr. Boddington covers the whole field of Statistics, including Types and Averages, Accuracy and Approximation, the Graphic Method, and other methods of comparison, together with chapters on Index Numbers and Correlation. The text of the book is well arranged, and is supplemented by various charts and diagrams. It will be found to contain most that is required by candidates for accountancy examinations.

### Apportionment Tables. By H. Bolton. London: Stevens and Sons, Limited, 119 & 120, Chancery Lane, W.C. (368 pp. Price 25s. net.)

This is a most useful book for those who have to apportion dividends or other yearly and half-yearly amounts. The tables provide for ascertaining the proportion of any yearly or half-yearly charge or rate to any given date. For instance, in the case of a trust estate it is easy to ascertain the exact apportionment of any dividend up to the date of death. The figures supplied cover amounts ranging from 1s. up to £10,000. It is of course impracticable to give each item within this wide range, but any item not shown separately can be arrived at readily by adding one or two figures together. Full explanations with examples are given as to the use of the tables, the work involved in the preparation of which must have been very considerable.

## Scottish Notes.

(FROM OUR CORRESPONDENT.)

### Meeting of Scottish Council.

A meeting of the Scottish Council was held in Glasgow on the 28th ult., Mr. D. Hill Jack, J.P., presiding. There were also present Mr. John Bell (Glasgow), Mr. E. Mortimer Brodie (Port Glasgow), Mr. Walter MacGregor (Edinburgh), Mr. D. R. Matheson, M.A., LL.B. (Edinburgh), Mr. D. M. Muir (Dunfermline), Mr. Peter G. S. Ritchie (Glasgow), Mr. J. Stewart Seggie, C.A. (Edinburgh), Mr. E. Hall Wight (Glasgow), and Mr. James Paterson, Secretary. Apologies for absence were intimated from Mr. R. T. Dunlop, Mr. J. A. Gough, Mr. Wm. Houston, Mr. J. Craddock Walker (Glasgow), Mr. A. Scott Finnie, Mr. W. L. Pattullo and Mr. W. J. Wood. A large number of applications and inquiries were submitted for consideration and variously dealt with. The Secretary reported various meetings with candidates *re* Society's examinations, and also visits to Aberdeen and Peterhead. Other matters relating to Scottish accountancy were under consideration, and suitable action taken.

### Glasgow Students' Society.

The opening meeting of the session of the Glasgow Students' Society was held on the 5th ult., when Mr. E. Miles Taylor, F.C.A., London, gave a lecture on "Economics." Mr. James Paterson, Secretary of the Scottish Branch, presided over a large attendance, and was supported by Mr. Stewart Seggie, C.A., F.S.A.A., and Mr. Robert Fraser, F.S.A.A., Hon. Secretary of the Students' Society. Mr. Miles Taylor treated his subject in a most exhaustive manner, couched in popular language and illustrated by many practical examples, specially suited to accountancy examination subjects. At the close of the lecture Mr. Seggie referred to the advantages students now had of attending such lectures, and congratulated the Students' Committee on such a promising opening of the winter session. On the motion of the Chairman a cordial vote of thanks was accorded to Mr. Miles Taylor for his interesting and instructive lecture.

### Scottish Municipal Accountants.

The 21st anniversary of the founding of the Scottish Branch of the Institute of Municipal Treasurers and Accountants (Incorporated) was celebrated in Stirling on October 1st. In addition to members of the Branch there were the following guests present at the invitation of the Branch: Mr. W. Allison Davies, F.S.A.A., Preston (President of the Institute); Mr. J. Stewart Seggie, C.A., F.S.A.A., Chief Accountant, Scottish Board of Health; and Mr. Robert Paton, ex-City Chamberlain of Edinburgh and honorary member of the Branch. The subjects discussed included the taxation of legal expenses on Parliamentary Bills; payment of precepts to parish councils and education authorities; income tax on public supplies; simplification of Burgh Abstract of Accounts; and various other matters. At the termination of the meeting the members proceeded to the "Golden Lion" Hotel for luncheon. After the usual loyal and municipal toasts, Mr. Davies proposed the toast of the "Scottish Branch of the Institute," which was replied to by Mr. Clark, Chairman of the Scottish Branch. "The Guests" was proposed by Mr. Donald M. Muir, F.S.A.A. (Dunfermline), and replied to by Mr. Robert Paton and Mr. J. Stewart Seggie. Amongst others present connected with the Society of Incorporated Accountants and Auditors, were Mr. J. D. Imrie, M.A., B.L., B.Com., F.S.A.A., City Chamberlain of Edinburgh; Mr. James T. Morrison, F.S.A.A., Town Chamberlain (Coatbridge); Mr. W. M. Fraser, A.S.A.A. (Edinburgh); Mr. Eric Maxwell, A.S.A.A. (Kirkcaldy); and Mr. Alex. Philip (Greenock).

\* \* "Legal Notes" are held over owing to pressure on space.